

Inside: Afghanistan's Endgame

By Joe Klein
Photographs by
James Nachtwey

TIME

WHERE THE JOBS ARE

And where
they're not

Who's creating
them and who
will benefit

BY BILL SAPORITO

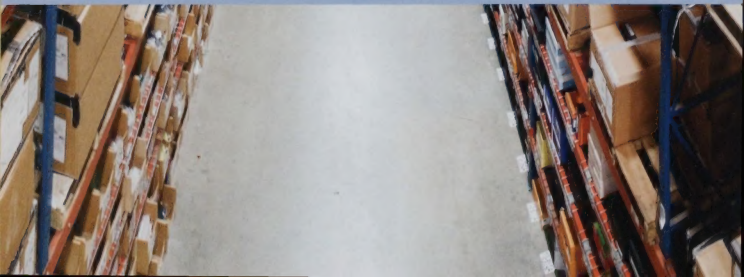
And why some
will never be
coming back

BY ZACHARY KARABELL





HOW A STRATEGY TO HELP A REGIONAL STORE GO NATIONAL



IS PUTTING THOUSANDS OF JOBS BACK ON THE MAP



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Photograph by James Nachtwey for TIME

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To Our Readers

The Job Search. This year, Americans' ability to find work will test Washington like never before. Our new monthly coverage follows the effort

FOR THE NEXT TWO YEARS, JOBS ARE job No. 1. For everyone. Though economists will tell you that jobs are a lagging indicator even in a growing economy, for Americans of all stripes, including the political class in Washington, they are a leading one. The fates of both the Obama Administration and the new GOP class will be linked to job growth. There is a limit to what the federal government can do to create jobs, but there is one job the Obama Administration ought to create right now: a jobs czar—someone to be the President's point person for the next few years in helping to stimulate job growth.

This is our kickoff cover story of the year, and it is on an issue we consider so important that it launches a yearlong focus on employment called *Where the Jobs Are*. Every month, we'll do a story on which industries are growing, which cities are creating the most jobs, where new opportunities are arising. We'll couple our coverage with town-hall meetings at which our writers and editors and outside experts will discuss the economy. We'd love to hear from you as well, so tell us what opportunities you are seeing or want us to write about.

Our cover story this week, by assistant managing editor Bill Saporito, our chief business writer, looks at where the emerging bright spots are—and why this recession has been different. At the same time, historian and hedge-fund manager Zachary Karabell identifies deep structural shifts in our economy that suggest that even what we used to call full employment will be hard to achieve. The whole package was edited by our new business and economics editor—our own jobs czar—Rana Foroohar, who also wrote this week's Curious Capitalist column, on capital shortages.

THIS WEEK'S ISSUE ALSO INCLUDES A remarkable package on Afghanistan. Joe Klein was there last month, in the Zhari district, and he has written a clear-eyed analysis of where we are headed in Afghanistan and what is likely to happen over the next two years. Joe has also written a kind of valedictory to our great



On the line Workers assemble dishwashers in Louisville, Ky.



On the jobs
Assistant managing editor Bill Saporito assesses the nation's prospects for employment growth



Big boss
Business and economics editor Rana Foroohar will oversee a series on jobs



On the ground
Joe Klein,
above left, and
photographer
James Nachtwey,
left, were in
Afghanistan in
December 2010

mutual friend Richard Holbrooke, whose vision for that area of the world is worth heeding. Along with Joe's story are extraordinary photographs by the great Jim Nachtwey, including one of an American Marine holding a wounded Afghan child that will become an iconic image of the war. In mid-December, Jim embedded with a medevac unit in southern Afghanistan, where he captured not only the terrible cost of that war but also the heroism of the men and women fighting it. "The essence of [the medics'] missions is saving lives," he says. "The majority of calls were from Afghans hurt in everyday accidents. It underlines the paradox of this and any war. Innocent people do get caught in the cross fire."

Pick

Richard Stengel, MANAGING EDITOR

Hilton Oceanfront Resort Hilton Head Island, South Carolina

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10 Questions.

The director's latest film, *Black Swan*, is generating Oscar buzz. **Darren Aronofsky will now take your questions**

What was it about ballet that intrigued you?

Elise Cordo, DULUTH, MINN.
It's always interesting to go into worlds that people haven't seen before, and ballet is such a mystery. All that effortless-ness that happens when you're watching is actually filled with blood and violence and competition and sweat. I don't think people know how hard it is to be a dancer, how much pain and commitment and discipline it takes.

What research did you do for the film?

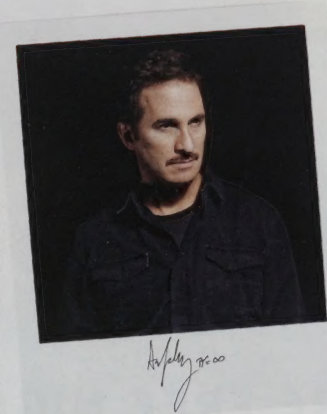
Guilherme Santander, MILAN
It was a very hard world to get into. Normally, when you do a movie, all the doors open up. But the ballet world really couldn't care. It took a while, but slowly people started to back us. Natalie Portman is surrounded by [real] ballet dancers throughout the film.

The *Wrestler* and *Black Swan* follow similar stories of performers driven to the edge. Was that intentional?

Chad Comello, MADISON, WIS.
Both projects were developed over 10 years, so a lot of the ideas we were working on ended up in both. I thought [it was] interesting that we could make two very, very different films but have all these thematic similarities.

Is it your aim to make your audiences feel uncomfortable?

Caleb Garcia, CALABASAS, CALIF.
I definitely want to make them feel something. I'm inspired by the Cyclone roller coaster in Coney Island, where I grew up. It is the greatest ride in the world. I've always tried



to construct my films with the same structure: intense, on the edge of your seat.

Was the lesbian element of *Black Swan* necessary to further the story?

Hortense Noble, NEW YORK CITY
The film is about losing your identity. Very early on, I had that idea of Natalie Portman making love to Natalie Portman. Everyone's always talking about Natalie and Mila Kunis, but for me it was more about Natalie making love to herself. I thought no one had ever seen that before and that it thematically made sense.

You've discussed how budgetary constraints made it difficult to shoot *Black Swan*. Do you

think a more expensive version would have been any different?

Steven Karageanes, PLYMOUTH, MICH.
As soon as you start messing with the money, you suddenly get more time, and time changes everything. So yeah, it would've been very different. [But] I have no idea what the film would've been.

What kinds of movies do you watch in your spare time? I don't see you watching comedies, for some reason.

Roberto Juarez, SEATTLE
I watch as many comedies as I can. But I probably watch kid films the most, because I have a kid. I get the occasional foreign film snuck in late at night. I don't have Netflix. I'd rather go to the movies.

What films inspired you to become a director?

Kirkpatrick Bado, SHAWNEE, KANS.
I grew up in the Spielberg-George Lucas era, so going to see *Raiders of the Lost Ark* and *E.T.* and *Star Wars*—it was just an amazing time to come of age. But I always had a taste for alternative film. Film-makers like Spike Lee and Jim Jarmusch were big influences and expanded [my sense of] what film could be.

None of your films have been considered blockbusters. Do you plan to direct movies to appeal to a general audience?

Noah Eichelberger, IOWA CITY, IOWA
That's not really in my formula when I choose projects. I choose them based on character, because that's who I'm hanging out with for two years—a character. I'm not hanging out with the money that the film's going to make.

Your films seem to deal with achieving perfection by being obsessive. Is there a similar obsession in you?

Ahmin Lee, STATEN ISLAND, N.Y.
I don't think so. I believe in the hero's journey. Characters have to be challenged. It's good to drag the characters through the mud and through all the tests possible, to see what they're made of. I just try to make the challenges as out there as I can. ■



VIDEO AT TIME.COM
To watch interviews with Darren Aronofsky and other newsmakers, go to time.com/10questions

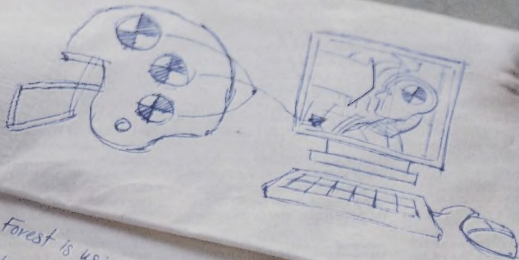
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to find ways to make football helmets even safer.
-Gloria O, Charleston, S.C.

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Inbox

500 People Commented on Mark's Status

Lev Grossman's article on Mark Zuckerberg as Person of the Year was informative and fascinating [Dec. 27-Jan. 3]. I have thoroughly enjoyed my Facebook time and reconnecting with old friends. Yet we also have a fundamental need for intimate relationships, in which trust allows us to let down our guard, resolve conflict while making eye contact and reveal the worst of ourselves. My fear for members of the younger generation is that they do not recognize both needs and will find themselves very lonely.

Sharon S. Fagin, CLEVELAND

At a recent meeting I attended, we were all asked how we used Facebook. The results surprised me at the time: avid users were not necessarily tech types but folks who tended to be more social in real life. At the end of the day, Facebook is just another way to connect. It is not meant to replace any existing social avenues but rather to provide a richer social experience.

Pisharath Krishnan, MASON, OHIO

Ultimately, it may well be that Zuckerberg will be remembered most for desensitizing us to the value of personal privacy to the point that personal liberty and freedom are irreparably damaged.

Bruce Jamison, ALAMO, CALIF.

At first, I thought Zuckerberg was a lame choice. As I read your article, however, I realized how globally significant he has become. The fact that 70% of Facebook users are outside the U.S., that 1 in 12 people uses the site, that users speak 75 languages—I'm impressed that you were able to look deeper into Facebook and Zuckerberg and convince a skeptic like me of his achievements. Keep up the good work.

Tyler Hall, HIGHLANDS RANCH, COLO.

A Painful Farewell

Re your obit for Mohammed Hussein Fadlallah [Dec. 27-Jan. 3]: I think TIME readers would like to know how you made the decision to honor with a farewell the man the U.S. considers responsible for the 1983 bombings in Beirut in which 241 U.S. Marines and other service members and 58 French paratroopers were killed.

Martin Cohn, BRATTLEBORO, VT.

It can be said of many who committed crimes against humanity that they were intellectual pioneers and tireless organizers. But such people usually are (and should be) remembered for the sorrow

SOUND OFF

'A former WikiLeaks leader declines to be named in your article? Privacy may be dying, but it appears irony is alive and well.'

Scott Mednick, LOS ANGELES, on "The Short List: Julian Assange," Dec. 27-Jan. 3



Person of the Year:
Mark Zuckerberg

The Short List:
Julian Assange

Farewell:
Mohammed Hussein Fadlallah

8%

14%

64%

How readers responded
FAVORABLE CRITICAL



they caused thousands of people. Writer Thanassis Cambanis apparently doesn't consider the hatred and violence sanctioned by Fadlallah to be worth more than a passing mention. Soft-spoken and gracious hosting by an imam murderer does not make him any less a murderer.

Jonathan Lipsky, NET SHEMESH, ISRAEL

In Defense of WikiLeaks

After its condemnation and harassment of Julian Assange, the U.S. is looking more and more like the oppressive governments that we supposedly condemn ("The Short List," Dec. 27-Jan. 3). If senior officials of our government can out—or at least not prevent the outing of—one of our own CIA operatives, then the small potatoes that Assange released shouldn't bother us a bit. If our government didn't want those supposed secrets discovered, it should have been smarter about its databases. Even I know all my e-mails can be read.

Debra Chesnut, FAIRBANKS, ALASKA

I'm disappointed you chose the social networker over Assange, who has made inroads toward cultivating a national conversation on U.S. imperial efforts to secure energy resources in Iraq and Afghanistan—and on the long-term costs of those efforts.

Arthur Ruiz, NEW YORK CITY

The Guy Is Awesome!

I bought the Person of the Year issue to read about Mark Zuckerberg [Dec. 27-Jan. 3]. That article was educational and truly fascinating, and I have no regrets about the \$5.99 I spent on the double issue. But it was Joel Stein's Awesome Column that prompted me to make a longer-term commitment and purchase a subscription. Joel Stein Presents: The Coolest Person of the Year™ was awesome, as promised—as well as cool.

Maria M. Boyer, PALMYRA, PA.



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WRITE TO US



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To get your first full prescription free and to save on refills,† visit ADVAIR.com or call 1-800-520-4197.

ADVAIR DISKUS 250/50 is approved for adults with COPD, including chronic bronchitis, emphysema, or both. You should only take 1 inhalation of ADVAIR twice a day. Higher doses will not provide additional benefits.

IMPORTANT SAFETY INFORMATION ABOUT ADVAIR DISKUS 250/50 FOR COPD:

- Do not use ADVAIR to treat sudden, severe symptoms of COPD. Always have a rescue inhaler medicine with you to treat sudden symptoms.
- Do not use ADVAIR DISKUS if you have severe allergy to milk proteins. Ask your doctor if you are not sure.
- Do not use ADVAIR more often than prescribed. Do not take ADVAIR with other medicines that contain long-acting beta₂-agonists for any reason. Tell your doctor about medicines you take and about all of your medical conditions.
- ADVAIR can cause serious side effects, including:
 - serious allergic reactions. Call your healthcare provider or get emergency medical care if you get any of the following symptoms of a serious allergic reaction: rash; hives; swelling of the face, mouth, and tongue; or breathing problems
 - sudden breathing problems immediately after inhaling your medicine
 - effects on heart: increased blood pressure, a fast and irregular heartbeat, chest pain
 - effects on nervous system: tremor, nervousness
 - reduced adrenal function (may result in loss of energy)
 - changes in blood (sugar, potassium, certain types of white blood cells)
 - weakened immune system and a higher chance of infections. You should avoid exposure to chickenpox and measles, and, if exposed, consult your healthcare provider without delay. Worsening of existing tuberculosis, fungal, bacterial, viral, or parasitic infections, or ocular herpes simplex may occur.
- lower bone mineral density. This may be a problem for people who already have a higher chance of low bone density (osteoporosis)
- eye problems including glaucoma and cataracts. You should have regular eye exams while using ADVAIR
- pneumonia. People with COPD have a higher chance of getting pneumonia. ADVAIR may increase the chance of getting pneumonia. Call your doctor if you notice any of the following symptoms: increase in mucus (sputum) production, change in mucus color, fever, chills, increased cough, increased breathing problems
- Common side effects of ADVAIR DISKUS 250/50 for COPD include thrush in the mouth and throat, throat irritation, hoarseness and voice changes, viral respiratory infections, headache, and muscle and bone pain



*Measured by a breathalyzer test.†Prescribing ADVAIR Diskus is accompanied with possible breathing control. Patients should be monitored.†ADVAIR is not intended for use in children. Your doctor will only prescribe ADVAIR Diskus if you have been diagnosed with COPD.

†Respirations apply. See package insert for complete prescribing information. You are encouraged to report negative side effects of prescription drugs to the FDA. Visit www.fda.gov/medwatch or call 1-800-FDA-1088.

Please see Brief Summary of Important Safety Information about ADVAIR DISKUS on adjacent page.



ADVAIR DISKUS 250/50
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ADVAIR DISKUS® 250/50
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(fluticasone propionate and salmeterol inhalation powder) . BRIEF SUMMARY

This summary does not take the place of talking to your healthcare provider about the medical condition or treatment. See full Prescribing Information for complete product information.

What is the most important information I should know about ADVAIR DISKUS?

ADVAIR DISKUS can cause serious side effects, including:

1. People with asthma who take long-acting beta₂-adrenergic agonist (LABA) medicines, such as salmeterol (one of the medicines in ADVAIR DISKUS), have an increased risk of death from asthma problems. It is not known whether fluticasone propionate, the other medicine in ADVAIR DISKUS, reduces the risk of death from asthma problems seen with salmeterol.

2. Call your healthcare provider if breathing problems worsen over time while using ADVAIR DISKUS. You may need different treatment.

Get emergency medical care if:

- breathing problems worsen quickly and
- you use your rescue inhaler medicine, but it does not relieve your breathing problems.

3. ADVAIR DISKUS should be used only if your healthcare provider decides that your asthma is not well controlled with a long-term asthma control medicine, such as inhaled corticosteroids.

4. When your asthma is well controlled, your healthcare provider may tell you to stop taking ADVAIR DISKUS. Your healthcare provider will decide if you can stop ADVAIR DISKUS without loss of asthma control. Your healthcare provider may prescribe a different asthma control medicine for you, such as an inhaled corticosteroid.

5. Children and adolescents who take LABA medicines may have an increased risk of being hospitalized for asthma problems.

What is ADVAIR DISKUS?

- ADVAIR DISKUS combines an inhaled corticosteroid medicine, fluticasone propionate (the same medicine found in FLOVENT[®]), and a LABA medicine, salmeterol (the same medicine found in SEREVENT[®]).

- inhaled corticosteroids help to decrease inflammation in the lungs. Inflammation in the lungs can lead to asthma symptoms.

- LABA medicines are used in people with asthma and chronic obstructive pulmonary disease (COPD). LABA medicines help the muscles around the airways in your lungs stay relaxed to prevent symptoms, such as wheezing and shortness of breath. These symptoms can happen when the muscles around the airways tighten. This makes it hard to breathe. In severe cases, wheezing can stop your breathing and cause death if not treated right away.

- ADVAIR DISKUS is used for asthma and COPD as follows:

Asthma

- ADVAIR DISKUS is used to control symptoms of asthma and to prevent symptoms such as wheezing in adults and children aged 4 years and older.

- ADVAIR DISKUS contains salmeterol (the same medicine found in SEREVENT). LABA medicines, such as salmeterol, increase the risk of death from asthma problems.

ADVAIR DISKUS is not for adults and children with asthma who:

- are well controlled with another asthma control medicine, such as a low to medium dose of an inhaled corticosteroid medicine.
- have sudden asthma symptoms.

COPD

- COPD is a chronic lung disease that includes chronic bronchitis, emphysema, or both. ADVAIR DISKUS 250/50 is used long term, 2 times each day to help improve lung function for better breathing in adults with COPD. ADVAIR DISKUS 250/50 has been shown to decrease the number of flare-ups and worsening of COPD symptoms (exacerbations).

Who should not use ADVAIR DISKUS?

- Do not use ADVAIR DISKUS:

- to treat sudden, severe symptoms of asthma or COPD

- if you have a severe allergy to milk proteins. Ask your doctor if you are not sure.

What should I tell my healthcare provider before using ADVAIR DISKUS?

Tell your healthcare provider about all of your health conditions, including if you:

- have heart problems
- have high blood pressure
- have seizures
- have thyroid problems
- have diabetes
- have liver problems
- have osteoporosis
- have an immune system problem
- are pregnant or planning to become pregnant. It is not known if ADVAIR DISKUS may harm your unborn baby.
- are breastfeeding. It is not known if ADVAIR DISKUS passes into your milk and if it can harm your baby.
- are allergic to any of the ingredients in ADVAIR DISKUS, any other medicines, or food products
- are exposed to chickenpox or measles

Tell your healthcare provider about all the medicines you take including prescription and non-prescription medicines, vitamins, and herbal supplements. ADVAIR DISKUS and certain other medicines may interact with each other. This may cause serious side effects. Especially, tell your healthcare provider if you take ritonavir. The anti-HIV medicines NORVIR[®] (ritonavir capsules), Solat Gelatin, NORVIR (ritonavir oral solution), and KALETRA[®] (lopinavir/ritonavir) Tablets contain ritonavir.

Know the medicines you take. Keep a list and show it to your healthcare provider and pharmacist each time you get a new medicine.

How do I use ADVAIR DISKUS?

Do not use ADVAIR DISKUS unless your healthcare provider has taught you and you understand everything. Ask your healthcare provider or pharmacist if you have any questions.

- Children should use ADVAIR DISKUS with an adult's help, as instructed by the child's healthcare provider.

- Use ADVAIR DISKUS exactly as prescribed. Do not use ADVAIR DISKUS more often than prescribed. ADVAIR DISKUS comes in 3 strengths. Your healthcare provider has prescribed the one that is best for your condition.

- The usual dosage of ADVAIR DISKUS is 1 inhalation 2 times each day (morning and evening). The 2 doses should be about 12 hours apart. Rinse your mouth with water after using ADVAIR DISKUS.

- If you take more ADVAIR DISKUS than your doctor has prescribed, get medical help right away if you have any unusual symptoms, such as worsening shortness of breath, chest pain, increased heart rate, or shakiness.

- If you miss a dose of ADVAIR DISKUS, just skip that dose. Take your next dose at your usual time. Do not take 2 doses at one time.

- Do not use a spacer device with ADVAIR DISKUS.
- Do not breathe into ADVAIR DISKUS.

- While you are using ADVAIR DISKUS 2 times each day, do not use other medicines that contain a LABA for any reason. Ask your healthcare provider or pharmacist if any of your other medicines are LABA medicines.

- Do not stop using ADVAIR DISKUS or other asthma medicines unless told to do so by your healthcare provider because your symptoms might get worse. Your healthcare provider will change your medicines as needed.

- ADVAIR DISKUS does not relieve sudden symptoms. Always have a rescue inhaler medicine with you to treat sudden symptoms. If you do not have an inhaled, short-acting bronchodilator, call your healthcare provider to have one prescribed for you.

Call your healthcare provider or get medical care right away if:

- your breathing problems worsen with ADVAIR DISKUS
- you need to use your rescue inhaler medicine more often than usual
- your rescue inhaler medicine does not work as well for you at relieving symptoms
- you need to use 4 or more inhalations of your rescue inhaler medicine for 2 or more days in a row

- you use a white canister of your rescue inhaler medicine in 8 weeks' time
- your peak flow meter results decrease. Your healthcare provider will tell you the numbers that are right for you.
- You have asthma and your symptoms do not improve after using ADVAIR DISKUS regularly for 1 week

What are the possible side effects with ADVAIR DISKUS?

- ADVAIR DISKUS can cause serious side effects, including:

- See "What is the most important information I should know about ADVAIR DISKUS?"

- serious allergic reactions. Call your healthcare provider or get emergency medical care if you get any of the following symptoms of a serious allergic reaction:

- rash
- hives
- swelling of the face, mouth, and tongue
- breathing problems

- sudden breathing problems immediately after inhaling your medicine

effects on heart

- increased blood pressure
- a fast and irregular heartbeat
- chest pain

effects on nervous system

- tremor
- nervousness

- reduced adrenal function (may result in loss of energy)
- changes in blood (sugar, potassium, certain types of white blood cells)

- weakened immune system and a higher chance of infections

- lower bone mineral density. This may be a problem for people who already have a higher chance of low bone density (osteoporosis).

- eye problems including glaucoma and cataracts. You should have regular eye exams while using ADVAIR DISKUS.

- slowed growth in children. A child's growth should be checked often.

- pneumonia. People with COPD have a higher chance of getting pneumonia. ADVAIR DISKUS may increase the chance of getting pneumonia. Call your healthcare provider if you notice any of the following symptoms:

- increase in mucus (sputum) production
- change in mucus color
- fever
- chills
- increased cough
- increased breathing problems

Common side effects of ADVAIR DISKUS include:

Asthma:

- upper respiratory tract infection
- throat irritation
- hoarseness and voice changes
- thrush in the mouth and throat
- bronchitis
- cough
- headache
- nausea and vomiting

COPD:

- thrush in the mouth and throat
- throat irritation
- hoarseness and voice changes
- viral respiratory infections
- headache
- muscle and bone pain

In children with asthma, infections in the ear, nose, and throat are common.

Tell your healthcare provider about any side effect that bothers you or that does not go away.

These are not all the side effects with ADVAIR DISKUS. Ask your healthcare provider or pharmacist for more information. Call your doctor for medical advice about side effects. You may report side effects to the FDA at 1-800-FDA-1088.

Ask your healthcare provider or pharmacist for additional information about ADVAIR DISKUS. You can also contact the company that makes ADVAIR DISKUS (not free) at 1-888-825-5249 or at www.advaair.com.



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The Free Market Capitalist's Survival Guide
Jerry Bowyer
(Broadside; 217 pages)



23 Things They Don't Tell You About Capitalism
Ha-Joon Chang
(Bloomsbury; 286 pages)

BY ANDREA SACHS

IMAGINE TWO EXPLORERS WHO set out to survey a new continent. One comes back from his journey and describes the idyllic lifestyle enjoyed by the native population: the foliage is lush, the cuisine delectable and the rulers just. The other examines the same terrain and reports that the inhabitants are miserable, the food stinks and the rulers are despots. What gives?

Reading these two books about free-market capitalism simultaneously is a *Rashomon*-like experience. How can two authors start at the same place and arrive at diametrically opposite views? Jerry Bowyer, a fervent believer in supply-side economics, insists that the Obama Administration is careerling toward a "hate the wealthy" socialist state. But Ha-Joon Chang is concerned with another President, Ronald Reagan, whose brand of unfettered free-market capitalism, he believes, has left the global economy in tatters.

The authors' writing styles are poles apart. Bowyer, a CNBC contributor and chief economist at Benchmark, a financial-services firm, has a bare-knuckles, take-no-prisoners bluster. "Obamacare is not something that flows from the

barrel of a conventional firearm," he writes. "It is much more like an agent of biological warfare." Chang, befitting his position as an economics professor at Cambridge University, is engagingly thoughtful and opinionated at a much lower decibel level. "The 'truths' peddled by free-market ideologues are based on lazy assumptions and blinkered visions," he charges.

Bowyer's goal is advising readers how to "prosper under the current anti-wealth climate." Financial tips include not investing in anything "big enough that the state sees it as a rival to its own power," getting behind "solutions to leftism" like "politically disfavored media outlets" and pouring money into foreign markets "outside the reach of our leaders."

Bowyer's beef with the prevailing form of capitalism is familiar to Washington watchers. He writes that the President has a veiled

"redistribution philosophy" that unfairly targets the wealthy. Wall Street is wrongly deemed "parasitical," he says. Only if the government lets business be business and CEOs collect their (monetary) due will the economy right itself.

Chang's goal is intellectual: he would trash the lessons of a generation of neoliberal economists. There is no such thing as a free market, he declares; "a market looks free only because we so unconditionally accept its underlying restrictions that we fail to see them." He points out that slavery and child labor, once considered free-market prerogatives, are now universally rejected by free marketeers. Immigration policies, he says, determine which workers are available and how much they are paid according to political pressures.

As is so often the case in economic debate, each author is preaching to the choir. Their readers exist in parallel universes. It is unlikely that George Soros will be picking up Bowyer's anti-left screed anytime soon or that Rupert Murdoch will give Chang's liberal musings the time of day. So if you're having a literary soirée, don't seat these two authors next to each other unless you want the banquet table upended.

How can two authors start at the same place and arrive at diametrically opposed views?



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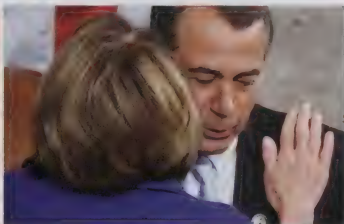
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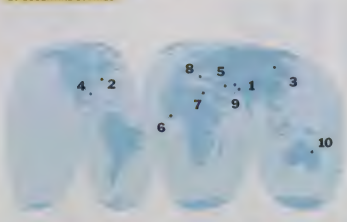
The Moment

1/5/11: Washington

IN THE TWO MONTHS SINCE REPUBLICANS RECLAIMED THE House, John Boehner has acted the humble statesman. And so it was on the day of his coronation. When Democratic leader Nancy Pelosi bequeathed to Boehner his gavel (a particularly jumbo-size one, she remarked), the new Speaker reminded colleagues that the chamber was merely on loan. "This is the people's House," Boehner said. "It's about them, not us." But the people's House also played host to Republican political theater, at least for the 112th Congress's opening acts. In its first week, the GOP planned to showcase its fealty to the framers by reading aloud all 4,543 words of the Constitution and send a symbolic repeal of the health care reform law to die in a Democratic-controlled Senate. At some point, this pageantry must give way to the slog of divided government. The new majority has plenty of boxes to check. Boehner will try to spearhead efforts to slash spending and spur economic growth, navigate a looming showdown on the federal debt ceiling and convince Tea Partiers and truculent freshmen that compromise isn't capitulation. If he can do all that, the people just may ask him to stay. —BY ALEX ALTMAN

The World

10 ESSENTIAL STORIES



1 | Pakistan

Assassination Intensifies Crisis

The assassination of Salman Taseer, Punjab's progressive governor and an ally of Pakistani President Asif Ali Zardari, compounded the nation's already deep divisions. Thousands attended the funeral of Taseer, a member of the ruling Pakistan People's Party (PPP) who had spoken out against religious extremism. He was killed by one of his security guards, reportedly because of his denunciation of Islamic blasphemy laws. Taseer's murder came just days after a prominent political party withdrew from the governing coalition, ending its parliamentary majority and emboldening the opposition. The developments cast doubt on the stability of the current government, which is considered to be weak, ineffectual and beholden to the goodwill of foreign allies like the U.S. as well as the strict oversight of the International Monetary Fund.



Pakistani men mourn Salman Taseer during his funeral procession in Lahore on Jan. 5



2 | Washington

Officer Sacked for Lewd Videos

On Jan. 4, the U.S. Navy permanently relieved Captain Owen Honors of his duty as top officer of the aircraft carrier *U.S.S. Enterprise*. The discipline came as the result of a series of leaked videos created by Honors aboard the *Enterprise* in 2006-07, when he was the ship's second in command. Profanity laced, sexually explicit and containing gay slurs, the raunchy skits—which were regularly aired over the ship's closed-circuit television system—have been defended by some sailors online.



Oil-storage tanks in Mohe, China, near the Russian border

3 | China

Piping Oil from Russia

A crude-oil pipeline from the Siberian city of Skovorodino, Russia, to Daging in northeastern China officially started running on Jan. 1 and is expected to transport 15 million metric tons of oil into China each year between now and 2030. The pipeline, partially financed by a Chinese loan, is an offshoot of a route that Russia is building to the Pacific Ocean. It links the world's largest oil producer (Russia overtook Saudi Arabia in 2009) with the biggest energy consumer (China surpassed the U.S. in 2010). Previously, China had been importing Russian oil by rail.

4 | Gulf of Mexico

Deepwater Drilling to Resume

The Obama Administration will allow 13 companies to resume deepwater-drilling operations in the Gulf of Mexico on 16 projects that had been approved before a May moratorium halted all such work following last year's colossal oil spill. Though the moratorium was terminated in October, drilling had yet to restart. The projects will be subject to tighter safety standards but no new environmental assessments. Analysts hope the move will help ease the economic burden suffered by the Gulf region and its once profitable oil industry.

5 | Iran

A Loaded Invitation

Iran is asking select nations to visit nuclear facilities ahead of international talks on its nuclear program. The move was considered an attempt to ease pressure on Tehran. The U.S. State Department deemed it a "ploy" that was no substitute for full cooperation with the U.N.'s International Atomic Energy Agency. While China and Russia were among those invited, the U.S., which has pronounced suspicions about Iran's nuclear program, was not.

6 | Ivory Coast

Opposition Under Siege

Alassane Ouattara, the man widely considered the winner of Ivory Coast's disputed November election, remained under a military blockade as regional leaders attempted to mediate between Ouattara and incumbent President Laurent Gbagbo. Though he agreed to lift the siege on Ouattara's offices, Gbagbo showed little sign of budging from the presidential palace.

Numbers: **20%**

Percentage of federal officials in Russia who will be let go through 2013; the cuts will save roughly \$1.3 billion

0 Number of restaurants and bars in Spain that allow smoking indoors following a ban that went into effect Jan. 2



7 | Egypt

NEW YEAR'S RAGE

Clashes between Christian demonstrators and security forces broke out countrywide Jan. 1, hours after an explosion outside a Coptic church in Alexandria killed at least 23 Coptic Christians, who make up about 10% of the Muslim-majority nation, say the government does little to protect them against violence and religious discrimination. 2010 was the bloodiest year in decades of sectarian tensions.

8 | Greece

Government to Build Border Fence

To curb an explosion of illegal immigration into Greece—which now accounts for 90% of all illegal immigrants entering the European Union—Athens announced plans to build a 7.5-mile (12.5 km) fence along part of its border with Turkey. In 2010 alone, about 100,000 people illegally entered Greece, fleeing war-ravaged states like Afghanistan, Somalia and Iraq, sometimes at a rate of 245 a day. Dozens have died crossing the border, either by drowning in the Evros River or when taking risky forms of land transport. Humanitarian agencies criticized the move, urging Greece to continue its deployment of border-patrol teams, which have helped decrease illegal crossings by 44% since October.

Immigrants entering Greece illegally

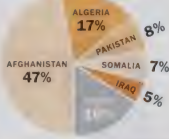
↑5,000 PEOPLE

2009 39,000



2010 100,000

Illegal immigrants' countries of origin



SOURCE: FRONTIER

9 | Afghanistan

U.S. Funds Squandered

Over the past six years, the U.S. military has spent \$2 billion on 16,000 humanitarian projects—including roads and schools—as part of its nation-building efforts in Afghanistan. But a soon-to-be-released audit obtained by the Washington Post reveals that, once under local control, many of these projects go neglected. The audit raises doubts as to whether the Afghan government can sustain infrastructure improvements when the U.S. looks to withdraw forces later this year.



A runway at a Rockhampton airport is submerged in murky floodwater

10 | Australia

More Rain on the Way

The state of Queensland—about the size of France and Germany combined—remains deluged by floodwaters, affecting some 200,000 people. Water levels peaked Jan. 5 in Rockhampton, the largest town to be swamped. But with more rain predicted, floods are expected to continue for several weeks. They could cost the Australian economy about \$2.5 billion because of shuttered coal mines, ruined crops and damaged transport systems.

89.7%

Percentage of people in the U.S. who describe their diet as healthy; close to two-thirds of Americans are overweight or obese



3

Number of extra days U.S. citizens have to file their 2010 taxes; the deadline was moved because of a conflict with Emancipation Day, a little-known Washington, D.C., holiday

Washington

The Politics Page



The Big Questions

By Mark Halperin

Who is the leader of the Republican Party now?

Ain't no one. Despite (or maybe because of) the GOP's big midterm victory, not a soul has stepped forward to be the face of the party. It is always difficult for the opposition to provide a clear counterweight to the President, but never in recent memory has a party, let alone an ascendant one, been so headless.

Where are all the potential leaders?

The top congressional honchos—Speaker John Boehner and Senator Mitch McConnell—are low-key, standard-issue conservatives who tiptoe into the spotlight. And there is such a crush of Capitol Hill minibarons (Senators Jon Kyl and John McCain, House Budget Committee chairman Paul Ryan and lots of caffeinated incoming freshmen among them) that no single person can dominate. The contenders to replace Michael Steele as chair of the Republican National Committee all seem competent, but the eventual winner will never go head-to-head with Barack Obama. The Republican governors—even big states such as Rick Perry in Texas, John Kasich in Ohio and Rick Scott in Florida—are still too little known to shorten the distance between statehouse stage and Beltway big top. Most surprisingly, the would-be 2012 presidential contenders are in a game of reverse chicken; no one wants to be the first to formally enter the fray. The breathless politico-press reaction to former Utah governor Jon Huntsman's cryptic refusal to rule out a 2012 bid was evidence of the vacuum.

Does this leadership void matter?

Republicans were able to win the midterm rout without a public captain but were outfoxed in December's lame-duck session by a President who took full advantage of the bully-pulpit mismatch. Now Obama has both the platform and the mojo, and it will take a strong Republican voice to be heard.

THE NEW GOVERNORS

Public Employees Become Public Enemy No. 1

BY DAVID VON DREHLE

"We just won an election," labor boss Andy Stern crowed two years ago, at about the time Barack Obama was taking the oath of office and the union movement was giving itself the lion's share of the credit for getting him there. After spending some \$450 million to elect Obama and a supporting cast of Democrats, labor was calling in the chips: universal health care, higher taxes on the wealthy and so-called card-check voting rules to make it easier to unionize private employers.

For the latest reminder that two years is forever in politics, look how the mighty have fallen. The movement got only part of what it wanted from health care reform. On taxes and card check, zip. And across the country, new leaders are being sworn in to office with decidedly anti-union plans.

Formerly friendly Wisconsin has a new governor, Republican Scott Walker, who is promising to use "every legal means" to weaken the bargaining power of state workers—including decertifi-

cation of the public employees' union. Ohio's new governor, Republican John Kasich, wants to end the rule that requires nonunion contractors to pay union wages, and he's targeting the right of public employees to strike. Indiana legislators talk of making their state—once a bastion of unionized manufacturing—a Midwestern right-to-work redoubt.

Even in places where Democrats cling to power, unions are under the gun. New York's incoming governor, Andrew Cuomo—son of the labor darling Mario Cuomo—intends to freeze the salaries of the

state's 190,000 government workers and has promised to cinch the budget belt tighter when public union contracts are renegotiated this year.

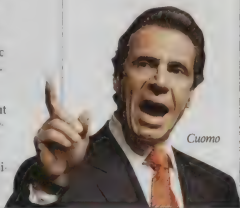
In California, new governor Jerry Brown—who gave public employees the right to unionize when he was governor in the 1970s—returns to his old post talking darkly about the unsustainable drain that union pensions and health benefits are on the state's budget.

What changed? You could turn Stern's words back on him. Labor just lost an election, swamped by the Republican tide. But even more damaging is the hangover from the financial crash of 2008. Though stock prices have largely rebounded, the crisis laid bare the absurdly rosy scenarios that propped up the pension plans of public employees. Now governments at every level—federal, state and local—are under extraordinary pressure to balance their books.

The gleam in labor's eye two years ago turned out to be the light from an onrushing train.

190,000

New York State workers subject to Cuomo's proposed salary freeze



Cuomo

Health, Science and Medicine



A Gene for Depression?

Scoping Out Cancer

Predicting IVF Success

Hope Against Baldness

85%

98%



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Verbatim

'The heroes who rushed to Ground Zero in the hours and days after the attacks will not be forgotten.'

CHARLES SCHUMER, New York Senator, on a \$4.3 billion bill to help cover health costs for 9/11 emergency workers. President Obama signed it into law on Jan. 2 while on vacation in Hawaii

'Today reality set in. I'm not destroyed about it.'

GENO AURIEMMA, coach of the University of Connecticut women's basketball team, on the end of its record 90-game winning streak; UConn lost to Stanford on Dec. 30

'It is possible that the birds [were] stressed so bad that it could have killed them.'

KEITH STEPHENS, spokesman for the Arkansas game and fish commission, on the possibility that fireworks caused more than 4,000 red-winged blackbirds in Beebe, Ark., to fall dead from the sky on New Year's Eve

'The dream is over.'

EDISON PENA, one of the 33 Chilean miners who spent 69 days trapped underground, on having to return to work in the mines following the cancellation of his disability pay because of excessive travel abroad

'He's had a six-year stretch now where basically he's been going 24/7 with relatively modest pay.'

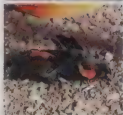
PRESIDENT OBAMA, on Robert Gibbs' announcement that he will step down from his position as White House press secretary at the end of January. Gibbs will continue working as an adviser to Obama through the 2012 election

'I will never confirm whether I worked in intelligence.'

ANNA CHAPMAN, who achieved minor-celebrity status after she and nine others were accused of being Russian sleeper agents last June and deported from the U.S.

'The butt was really hard to sculpt.'

LISA MURPHY, a Toronto artist who created erotic images in relief for her book *Tactile Mind*, which she refers to as "porn for the blind"



TALKING HEADS

Ross Douthat

Writing about abortion, in the **New York Times**:

"In every era, there's been a tragic contrast between the burden of unwanted pregnancies and the burden of infertility. But this gap used to be bridged by adoption far more frequently than it is today ... Some of this shift reflects the growing acceptance of single parenting. But some of it reflects the impact of *Roe v. Wade*. Since 1973, countless lives that might have been welcomed into families ... have been cut short in utero instead." —1/2/11

Joanna Weiss

Discussing the debut of Oprah's new network, in the **Boston Globe**:

"At best, it's inspirational and affecting, brain candy for people affluent enough to worry about self-actualization ... It was easy to be cynical about her book club, too, but she got people to read. And yet something feels missing from OWN—a sense of purpose sufficient to justify the ambition. After all, there's already plenty of inspirational fare on TV." —1/2/11

Andy Kessler

On how multiplayer online video games will change the way professionals do their jobs, in the **Wall Street Journal**:

"Sure, they have funky weapons and are killing Orcs and Trolls ... but you don't have to be a gamer to see how this technology is going to find its way into corporate America. Within the next few years, this is how traders or marketers or DNA hunters will work together. No more meetings!" —1/3/11

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...you might not carry it this way, but you almost could.

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Take the attached card to your healthcare provider to ask for a prescription for 5 FREE pens. Go to KwikPen.com for more information.

Who should use Humalog?

Humalog (insulin lispro injection [rDNA origin]) is for people with diabetes to control high blood sugar and

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Humalog
KwikPen
insulin lispro injection [rDNA origin]

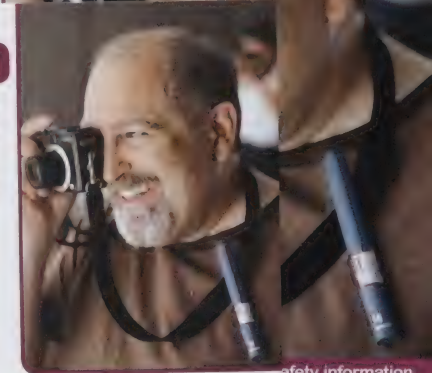
See Important Safety Information and Patient Information on or following the full-page ad.

Needles are sold separately.

to more know your symptoms of low blood sugar. Severe low blood sugar can cause seizures and be life threatening. Follow your healthcare professional's instructions for treating low blood sugar. Talk to your healthcare professional if low blood sugar is a problem for you.

Other side effects

Other potential side effects associated with the use of insulins include: low blood potassium, weight gain, changes in fat tissue at the injection site, and allergic reactions. Allergic reactions can happen at the site of injection and over the whole body. Whole-body allergic reactions are less common, but may be life threatening.



safety information

therapy should be done

cautiously and only under medical supervision.

You are encouraged to report negative side effects of prescription drugs to the FDA. Visit www.FDA.gov/medwatch or call 1-800-FDA-1088.

See Patient Information, including storage information, on following page. For complete instructions, see full user manual that comes with your pen.



If you need assistance with prescription costs, help may be available. Visit www.pparx.org or call 1-888-4PPA-NOW.

Humalog
KwikPen

insulin lispro injection [rDNA origin]

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Humalog
KwikPen

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- Limit 2 offers per patient per 12-month period
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Who should use Humalog?

Humalog (insulin lispro injection [rDNA origin]) is for people with diabetes to control high blood sugar and should be used with a longer-acting insulin, except when used with sulfonylureas in people with type 2 diabetes.

Important safety information

Who should not take Humalog?

Humalog should not be used during episodes of low blood sugar (hypoglycemia) or if you are allergic to anything in Humalog.

What is Humalog?

Humalog is an injectable, fast-acting insulin. Humalog starts working faster than other insulins that contain regular human insulin. Take Humalog within 15 minutes before eating or right after eating a meal. Check your blood sugar levels as told by your healthcare professional.

How should I use Humalog?

If you have type 1 diabetes, you need to take a longer-acting insulin in addition to Humalog (except when using an external insulin pump). If you have type 2 diabetes, you may be taking diabetes pills and/or a longer-acting insulin in addition to Humalog.

Precautions

The safety and effectiveness of Humalog in patients less than 3 years of age have not been established. There are no adequate and well-controlled clinical studies of the use of Humalog in pregnant or nursing women.

Low blood sugar

Low blood sugar is the most common adverse effect associated with insulins, including Humalog. Low blood sugar can happen suddenly, and symptoms may be different for each person and may change from time to time. Know your symptoms of low blood sugar. Severe low blood sugar can cause seizures and be life threatening. Follow your healthcare professional's instructions for treating low blood sugar. Talk to your healthcare professional if low blood sugar is a problem for you.

Other side effects

Other potential side effects associated with the use of insulins include: low blood potassium, weight gain, changes in fat tissue at the injection site, and allergic reactions. Allergic reactions can happen at the site of injection and over the whole body. Whole-body allergic reactions are less common, but may be life threatening.

Humalog® KwikPen™ is so portable...

...you might not carry it this way, but you almost could.



Select safety information

Starting or changing insulin therapy should be done cautiously and only under medical supervision.

You are encouraged to report negative side effects of prescription drugs to the FDA. Visit www.FDA.gov/medwatch or call 1-800-FDA-1088.

See Patient Information, including storage information, on following page. For complete instructions, see full user manual that comes with your pen.



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Humalog
KwikPen
insulin lispro injection (rDNA origin)

Patient Information

Humalog® (HU-ma-log)

insulin lispro injection, USP (rDNA origin)

Important

Know your insulin. Do not change the type of insulin you use unless told to do so by your healthcare provider. Your insulin dose and the time you take your dose can change with different types of insulin.

Make sure you have the right type and strength of insulin prescribed for you.

Read the Patient Information that comes with Humalog before you start using it and each time you get a refill. There may be new information. This leaflet does not take the place of talking with your healthcare provider about your diabetes or treatment. Make sure that you know how to manage your diabetes. Ask your healthcare provider if you have questions about managing your diabetes.

What is Humalog?

Humalog is an injectable fast-acting man-made insulin. Humalog is used to control high blood sugar (glucose) in people with diabetes.

Humalog comes in:

- 10 mL vials (bottles) for use with a syringe or external insulin pump
- 3 mL vials (bottles) for use with a syringe or external insulin pump
- 3 mL prefilled pens
- 3 mL cartridges for use with a reusable pen or external insulin pump

Who should not take Humalog?

Do not take Humalog if:

- your blood sugar is too low (hypoglycemia). After treating your low blood sugar, follow your healthcare provider's instructions on the use of Humalog.
- you are allergic to anything in Humalog. See the end of this leaflet for a complete list of ingredients in Humalog.

Tell your healthcare provider:

- about all your medical conditions. Medical conditions can affect your insulin needs and your dose of Humalog.
- if you are pregnant or breastfeeding. You and your healthcare provider should talk about the best way to manage your diabetes while you are pregnant or breastfeeding. Humalog has not been studied in pregnant or nursing women.
- about all the medicines you take, including prescription and non-prescription medicines, vitamins and herbal supplements. Many medicines can affect your blood sugar levels and insulin needs. Your Humalog dose may need to change if you take other medicines.

Know the medicines you take. Keep a list of your medicines with you to show to all of your healthcare providers.

How should I use Humalog?

Humalog can be used with a syringe, prefilled pen, reusable pen or external insulin pump. Talk to your healthcare provider if you have any questions. Your healthcare provider will tell you the right syringes to use with Humalog vials. Your healthcare provider should show you how to inject Humalog into your skin using it.

- **Read the User Manual** that comes with your Humalog prefilled pen and the manufacturer's instructions that comes with your external insulin pump. Use Humalog exactly as prescribed by your healthcare provider.

- If you have type 1 diabetes, you need to take a longer-acting insulin in addition to Humalog (except when using an external insulin pump).
- If you have type 2 diabetes, you may be taking diabetes pills and/or a longer-acting insulin in addition to Humalog.

- Humalog starts working faster than other insulins that contain regular human insulin. Inject Humalog within fifteen minutes before eating or right after eating a meal.

- **Check your blood sugar levels as told by your healthcare provider.**
- Look at your Humalog before you use it. Humalog should be clear, have no color and look like water. If your Humalog is cloudy, thickened, even slightly colored, or has solid particles or clumps in it, do not use. Return it to your pharmacy for new Humalog.

- Humalog can be mixed with a longer-acting human insulin, but only if you are told to do so by your healthcare provider. If you are mixing two types of insulin, always draw Humalog into the syringe first. Talk with your healthcare provider about how to properly mix Humalog with a different insulin.

- Humalog can be used in an external insulin pump either by withdrawing Humalog from a vial or using a 3 mL Humalog cartridge that is inserted into the pump.

- Humalog was tested with MiniMed® Models 506, 507, and 508 insulin pumps using MiniMed Polylin® infusion sets. Humalog was also tested with the Disetronic® H-TRONplus® V100 insulin pump (with plastic 3.15 mL insulin reservoir), using the Disetronic Rapid® infusion set.

- A Humalog cartridge used in the D-TRON® or D-TRONplus® pump, may be used for up to 7 days. Humalog in the external insulin pump reservoir and the complete infusion set should be replaced and a new infusion site selected every 48 hours or less.

- Humalog in an external insulin pump should not be exposed to temperature above 98.6°F (37°C), such as in a sauna or hot tub, hot showers, direct sunlight, or radiant heaters.
- Inject your dose of Humalog under the skin of your stomach area, upper arm, upper leg, or buttocks. Never inject Humalog into a muscle or vein.

- Change (rotate) your injection site with each dose.

- Your insulin needs may change because of:

- illness
- stress
- other medicines you take
- changes in eating
- physical activity changes

Follow your healthcare provider's instructions to make changes in your insulin dose.

- **Never dilute or mix Humalog with another insulin in the same prefilled pen, cartridge or external insulin pump.**

- Always carry a quick source of sugar to treat low blood sugar, such as glucose tablets, hard candy, or juice.

What are the possible side effects of Humalog?

Low Blood Sugar (Hypoglycemia). Symptoms of low blood sugar include:

- hunger
- dizziness
- feeling shaky or shakiness
- lightheadedness
- sweating
- irritability
- headache
- fast heartbeat
- confusion

Low blood sugar symptoms can happen suddenly. Symptoms of low blood sugar may be different for each person and may change from time to time. Severe low blood sugar can cause seizures and death. Low blood sugar may affect your ability to drive a car or use mechanical equipment, risking injury to yourself or others. Know your symptoms of low blood sugar. Low blood sugar can be treated by drinking juice or regular soda or eating glucose tablets, sugar, or hard candy. Follow your healthcare provider's instructions for treating low blood sugar. Talk to your healthcare provider if low blood sugar is a problem for you.

- **Serious allergic reactions** (whole body allergic reaction). Severe, life-threatening allergic reactions can happen with insulin. Get medical help right away if you develop a rash over your whole body, have trouble breathing, wheezing, a fast heartbeat, or sweating.
- **Reactions at the injection site** (local allergic reaction). You may get redness, swelling, and itching at the injection site. If you keep having injection site reactions or they are serious, you need to call your healthcare provider. Do not inject insulin into a skin area that is red, swollen, or itchy.
- **Skin thickens or pits at the injection site (lipodystrophy).** This can happen if you don't change (rotate) your injection sites enough.

These are not all the side effects of Humalog. Ask your healthcare provider or pharmacist for more information.

- You are encouraged to report negative side effects of prescription drugs to the FDA. Visit www.FDA.gov/medwatch or call 1-800-FDA-1088.

How should I store Humalog?

- Store all unused (unused) Humalog in the original carton in a refrigerator at 36°F to 46°F (2°C to 8°C). Do not freeze.
- Do not use Humalog that has been frozen.
- Do not use after the expiration date printed on the carton and label.
- Protect Humalog from extreme heat, cold or light.

After starting use (open):

- **Vials:** Keep in the refrigerator or at room temperature below 86°F (30°C) for up to 28 days. Keep open vials away from direct heat or light. Throw away an opened vial 28 days after first use, even if there is insulin left in the vial.
- **Cartridge and Prefilled Pens:** Do not store a cartridge or prefilled pen that you are using in the refrigerator. Keep at room temperature below 86°F (30°C) for up to 28 days. Throw away a cartridge or prefilled pen 28 days after first use, even if there is insulin left in the cartridge or the pen.

General information about Humalog

Use Humalog only to treat your diabetes. Do not share it with anyone else, even if they also have diabetes. It may harm them.

This leaflet summarizes the most important information about Humalog. If you would like more information about Humalog or diabetes, talk with your healthcare provider. You can ask your healthcare provider or pharmacist for information about Humalog that is written for health professionals.

For questions you may call 1-800-LillyRx (1-800-545-5979) or visit www.humalog.com.

What are the ingredients in Humalog?

Active ingredient: insulin lispro.

Inactive ingredients: glycerin, dibasic sodium phosphate, metacresol, zinc oxide (zinc ion), trace amounts of phenol and water for injection.

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Patient Information revised September 2, 2009

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Pens manufactured by

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Lilly France, F-67840 Fegersheim, France

10 mL Vials manufactured by

Eli Lilly and Company, Indianapolis, IN 46285, USA or

Hospir, Inc., Lake Forest, IL 60045, USA or

Lilly France, F-67840 Fegersheim, France

3 mL Vials manufactured by

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Cartridges manufactured by

Lilly France, F-67840 Fegersheim, France

for Eli Lilly and Company, Indianapolis, IN 46285, USA

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Brief History

New Nations



ON JAN. 9, A REFERENDUM IN SUDAN WILL LIKELY USHER in the world's newest nation—the 15th, by the U.S. State Department's count. Ahead of the vote, all signs pointed to a majority in southern Sudan opting for secession, an act that would split Africa's largest country in two along ethnic and religious lines. Sudan's north is predominantly Arab Muslim, while the south is mostly Christian and animist. That southern Sudan's road to freedom seems so smoothly paved is a minor miracle—a half-century civil war between north and south ended in 2005.

In recent years, other new nations have emerged from the ashes of brutal conflict. East Timor, for centuries a Portuguese colony, wrested itself free in 1999 from more than two decades of Indonesian occupation. It became formally independent in 2002 but still struggles to stand on its own, hobbled by dysfunctional politics that stem, in part, from the fledgling state's violent and traumatic past. Grisly ethnic strife led to the disintegration of Yugoslavia in the 1990s and the birth of a half dozen separate states; Kosovo, which became the Balkans' newest nation in 2008, has yet to be recognized by Serbia, the country the ethnically Albanian Kosovars chose to secede from. Fearing separatist movements on their soil, nations like Russia and China have taken Serbia's side.

Nation splitting is a messy business, in many instances privileging one identity at the expense of untold years of shared history between communities. To varying degrees, the countries formed in the wake of the collapse of the Soviet Union continue to struggle with the realities of their independence. Others inhabit an awkward halfway house. (See right.) After years of hardship and war, southern Sudan is about to stand newly alone. Yet poor and landlocked, its future is still bound to its neighbor to the north. —BY ISHAAN THAROOR

Freedom vote Days ahead of the referendum, southern Sudanese wave their new flag at an independence rally

THE IN-BETWEENS

WESTERN SAHARA
Morocco annexed the former Spanish colony in 1976; a cease-fire with rebels was brokered by the U.N. In 1991

PUERTO RICO
Captured from Spain in 1898, the island remains an unincorporated territory of the U.S.

ABKHAZIA
A de facto independent state in northwestern Georgia, the Black Sea country is backed by Russia

SOUTH OSSETIA
Supposed shelling by Georgian forces of villages in this autonomous republic precipitated a 2008 war with Russia

TRANSNISTRIA
A sliver of eastern Moldova, the breakaway territory leans toward Moscow

THE SKINNER



From Bible Belt to Sunbelt

By Darren Dochuk
Norton; 520 pages

IN THE HEAT OF THE 2008 presidential race, Barack Obama and John McCain journeyed to Pastor Rick Warren's Orange County, California, megachurch for a candidate forum in front of thousands of conservative Evangelicals. Theologically, Warren and his congregants were of a piece with the old revival preachers of the Deep South. Their style, however, was laid-back Californian. In *From Bible Belt to Sunbelt*, historian Darren Dochuk traces the migration of Evangelicals in the mid-1900s to the land of starlets and surfers and from the margins of society to the inner circles of Presidents. It is an exhaustive history brimming with lively characters. And Dochuk uses the tale to advance the intriguing argument that these Evangelicals encountered California as a modern-day Sodom and were prompted to political engagement that led to the growth of the religious right. Less explored is another side of the story: Why did the GOP join forces with Evangelicals? It's a question still being asked by some dyspeptic leaders of the party as they deal with the consequences of that union in the form of Sarah Palin and her supporters.

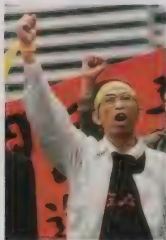
—BY AMY SULLIVAN

READ

SKIM

TOSS

Milestones



Szeto Wah

IT'S ONLY IN MOVIES THAT you're supposed to come across grizzled old fighters on their deathbeds, devoting their last breaths to stirring incitements for freedom, then dramatically expiring to the whine of a flatlining electrocardiograph. But there is every reason to believe

that, as local papers reported, Hong Kong democracy campaigner Szeto Wah really did die on Jan. 2, at 79, with a ringing demand for the vindication of China's Tiananmen Square protesters on his lips. It was the defining passion of his later years, and the tenacious Szeto was not the sort of man to squander words for poetic effect.

If he had an intuitive grasp of the issues at stake in Tiananmen Square in 1989, it's because he saw nothing contradictory in being both Chinese and a democrat. Being Hong Kong born, he was able to flourish outside the confines of mainland authoritarianism. An educator by profession, Szeto established one of Hong Kong's largest trade unions (the Professional Teachers Union), became a legislator and founded two political parties.

But his most transcendent

role came in his 21-year leadership of the Alliance in Support of Patriotic Democratic Movements in China—a coalition of 200 community groups that has enshrined Hong Kong's vital status as the only place on Chinese soil where the Tiananmen Square crackdown is commemorated. Tens of thousands attend the vigils organized by the alliance each year, nourishing hopes shared by Chinese the world over that democracy will one day be established in China and the Tiananmen dead redeemed.

Such activities naturally made Szeto a pariah to Beijing, but some of his ashes will be scattered in the sea so that they float back toward China's mainland. It's the closest Szeto will get to the land he had been barred from since 1989 but which he never stopped loving.

—BY LIAM FITZPATRICK

Denis Dutton

Visitors to *Arts & Letters Daily*, the eclectic Web aggregator whose layout is inspired by 18th century broadsheets, can't help but find themselves swept into the world of ideas. Since 1998, founder and editor Denis Dutton, who died Dec. 28 at 66, connected readers to some of the most provocative and stimulating articles online. A philosophy professor at the University of Canterbury in New Zealand, Dutton published *The Art Instinct: Beauty, Pleasure, and Human Evolution* in 2009.

Pete Postlethwaite

"It's all in the cheekbones, this career of mine," British actor Pete Postlethwaite once said. Those cheekbones proved versatile, belonging to innocent and sinister characters alike. Among his films were *In the Name of the Father* (for which he received an Oscar nod), *Brassed Off* and *The Usual Suspects*. A former member of the Royal Shakespeare Company, Postlethwaite, who died Jan. 2 at 64, appeared in last year's hits *Inception* and *The Town*. —BY ALEXANDRA SILVER



John Wheeler III

JOHN WHEELER WAS ONE OF those outer planets in the capital's solar system, never drawing too close to the sun but riding the country's business in an elliptical orbit that would bring him close to the heat every once in a while. I remember discussing the plight of Vietnam veterans with him as well as ponder-

ing the threat that cyberwar posed to the U.S. Sure, the topics were 180 degrees apart, but that's the kind of Renaissance man Wheeler was.

While he never saw combat during his Army service in Vietnam, Wheeler—whose death at 66 was ruled a homicide after his body was found Dec. 31—felt that the war's veterans had been ignored by

their country, and he joined with Jan Scruggs to build the Vietnam Veterans Memorial wall in Washington. Initially derided as a "black gash of shame," it has become one of the nation's most visited and beloved monuments since its opening nearly 30 years ago.

Wheeler, a data-driven man who cycled between government jobs and the private sector, marshaled facts against U.S. use of biological weapons while also testing nuclear war plans. More recently he wrote about what he saw as a dearth of Medals of Honor being awarded to troops in Afghanistan and Iraq. It was vintage Wheeler, a stew of pride, patriotism and math. Championing the unheralded valor of unknown soldiers young enough to have been his grandchildren: that is Jack Wheeler's legacy. —BY MARK THOMPSON





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charles SCHWAB



Rana

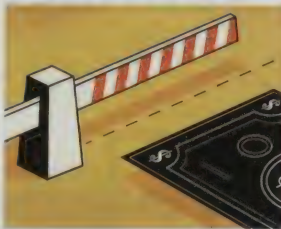
Foroohar

So Long, Cheap Money. Nations avoided tariff wars over trade. But with access to capital at stake, the gloves may come off

GLOBALISM—THE FREE FLOW OF MONEY, people and goods—has made the world a heck of a lot richer over the past several decades. But it's always been subject to some threat or other. In recent years, the big economic fear has been that trade wars would follow the banking crisis as countries tried to protect their beleaguered markets, ending the free flow of goods and throwing the world into a downward spiral. Thankfully, that did not come to pass. Sure, nations have become more self-interested and are cutting bilateral deals that threaten to turn the global trade system into an unmanageable bowl of spaghetti. (Those who ever bothered to learn what *Doha* referred to can forget about it now.) But the worst case—an escalating rise in tariffs that would throw us back to the Great Depression—never materialized, perhaps in part because most world leaders understood the risks early on and rallied against it in numerous op-ed articles and speeches.

What hasn't been written or talked about is financial protectionism—the largest and most recent threat to the free flow of money and something that may turn out to be the biggest economic issue of 2011. Such protectionism can take many forms: state control of currency in China, politicians rejecting foreign buyouts of domestic companies in the U.S. and Europe, even specific laws about who can or can't take money in and out of a country. In the past several months, Indonesia, Thailand, Brazil and South

Korea have put capital controls in place to try and stem the tide of hot money flowing into their markets from jittery investors looking for decent returns. (Note to world leaders: in most cases, capital controls will only worsen your problems, because traders bet on the fact that currencies whose value is kept artificially low by governments will eventually rise, which attracts even more hot money in the short term.)



All the restrictive measures are coming at a terrible moment, because if there's one thing the world needs now, it's to keep global capital flowing. Rich countries need money because they are drowning in debt, and poor ones need it because they are in the midst of an unprecedented development boom. Nations such as India, China, Brazil, South Africa and Turkey can't build new bridges, roads, homes, railways, offices and shopping centers fast enough. In fact, the McKinsey Global Institute (MGI) predicts that \$24 trillion in investment will be needed by 2030 in order to service this boom, the likes of which the world hasn't seen since the post-World War II rebuilding of Japan and Europe.

All that demand for money to fund the global Big Dig will push up both inflation and interest rates. It's been years since we lived in a world where

inflation is high and capital is dear, but that is what the future likely holds. As the MGI points out in a new report titled "Farewell to Cheap Capital," the global investment boom under way means that eventually money will be scarcer and more expensive.

Rising capital costs will only exacerbate the risk of financial protectionism. Accessing capital is going to become an issue of national competitiveness, and a very political one. Already, there are heads of state and finance ministers who speak privately about not allowing government-guaranteed funds to be invested overseas (a case that's easy to make with voters spooked by the financial crisis). If a handful of nations actually took such actions, it could seriously threaten globalization and possibly plunge the world back into recession.

On the flip side, any nation that is flush with cash will be just fine. China is the most obvious case in point; the Middle Kingdom is busy deploying its \$2.4 trillion in currency reserves, buying everything from oil and minerals in Africa and the Middle East to blue-chip companies in the West.

China would buy a lot more if it could. But in countries like the U.S. and Australia, Chinese acquisition of local companies has become a political issue. Still, as the global money spigots continue to tighten, the U.S. and other debtor nations will be forced to look for investors wherever they can find them.

Certainly it would help if policymakers in both rich and poor nations alike removed limits on how much pension money can be invested abroad. And who knows? One day, the global cash crunch might translate into encouraging Chinese firms to build power stations in New Jersey or revamp Amtrak. They've had plenty of practice doing stuff like that at home, and when the age of easy cash comes to an end, politicians all over the world may find that money from politically tricky sources is better than none at all.

Rising capital costs will only exacerbate the risk of financial protectionism. Accessing capital is going to become an issue of national competitiveness

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Where the Jobs Are

It's true—employment is finally growing again. But this won't be a recovery as you've known it. Here's a bird's-eye look at where the best new opportunities for work will be

BY BILL SAPORITO

JOBS IN AMERICA
PART ONE OF
A YEARLONG
SERIES

KENT NIEDERHOFER can't find enough mechanical engineers to work for him—in southeastern Michigan. You know, where Detroit is, with its

13.3% unemployment rate. Niederhofer is president of the American branch of Ricardo, an engineering consultancy that designs the power trains of some of the coolest stuff around: Bugatti sports cars, huge wind turbines and unmanned aerial vehicles. "We are doing rocket science every day," says Niederhofer. "It's just not on rockets." So Ricardo got a little desperate, renting a billboard to place a help-wanted ad that featured a picture of a sexy-looking sports car, the tagline **WHY YOU BECAME AN ENGINEER** and a Web address for job seekers. He calls it engineer porn.

General Electric is also trying to poach some Motown engineers to staff its expansion at Appliance Park, in Louisville, Ky., and three other locations where it is establishing "centers of excellence" in refrigeration technologies. The company is in the middle of a \$1 billion investment in its appliance sector that will create 1,300 jobs at all levels over the next four years. GE has repatriated—insourced, if you will—a refrigerator-manufacturing line from South Korea (thanks in part to a new union deal and a weaker dollar that makes U.S.

labor more competitive) even as it waits for the housing market to rebound enough to restore demand for fridges. "We think it's going to be a slow crawl back over the next several years, which, for us, is why we are investing now," says James Campbell, CEO of GE Appliances & Lighting.

At the white collar end of town, the auditing and consulting firm Deloitte is on a hiring mission. It recently became the world's largest professional-services firm, boasting 170,000 employees, and it has been scouring college campuses for fresh brains. The firm needs tax specialists, lawyers, auditors and other bright minds who can be taught to solve the problems of the planet's businesses—problems that are changing in a world where Chinese, Brazilian and Indian companies are transforming markets. "The thing that I'm excited about and delighted with is that our hiring plans in the U.S. are now back to the precrisis levels," says CEO Jim Quigley. "We are hiring for all of our lines of business."

Why so bullish? By late last fall, Deloitte had discounted the likelihood of a double dip recession, no small bet since a lack of confidence has been a big impediment to hiring for lots of companies. Deloitte sees the global economy accelerating, and like about a third of the **FORTUNE** 500, it now gets over half its revenue from fast-growing markets abroad, according to

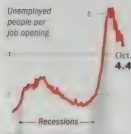




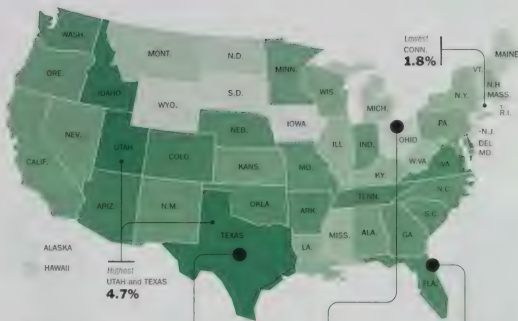
Photograph by Rodney Smith

The Job Recovery Gap

More jobs were lost in the last recession than in the past four combined. Jobs are returning unevenly



Sources: Bureau of Labor Statistics, IHS Global Insights, Moody's Analytics, TIME Graphics by Andrew Ford and Lisa Tepper



Growth in employment expected by 2012



TEXAS

With tech in Austin and chemicals and energy in Houston, it's in a sweet spot

THE RUST BELT

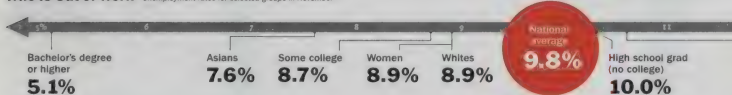
Autos are recovering, but many old line manufacturing jobs won't return

FLORIDA

As in other sand states, the effects of the housing bust are lingering

Who Is Out of Work

Unemployment rates for selected groups in November



Capital IQ. Deloitte wants to be in a position to offer this growing client base the panoply of services it is going to need. It doesn't want to be caught short of talent.

A Turning Point, Maybe

FLEXIBLE, OUTWARDLY FOCUSED COMPANIES such as Ricardo, GE and Deloitte are the main force behind an optimistic and underplayed fact: last September, the U.S. economy finally stopped bleeding jobs. And now job creation may be at a crucial turning point. The ADP National Employment Report recorded a surprising 297,000-job jump in private-sector employment in December. Manufacturing activity is up, retail sales are strong, and overall GDP growth is on track to be a healthy 3% this year. Inflation is still muted, and

stocks are on a roll. It all bodes well for the Obama Administration's efforts to mitigate the 9%-to-10% unemployment rate that has hung for 19 months like a dead-weight around the neck of the economy, not to mention the national psyche.

The Great Recession didn't merely cause cyclical job losses. It created an unemployment chasm. More jobs were lost in the 2007-09 recession, which officially ended in June 2009, than in the previous four recessions combined, says Nariman Behraves, chief economist for IHS Global Insight. "It's a very deep hole that we are climbing out of. We lost something close to 8 million jobs. That's why it's going to take a long time—2015—to get to [an unemployment rate of] 6%." Indeed, the rate could even rise again, as people who left

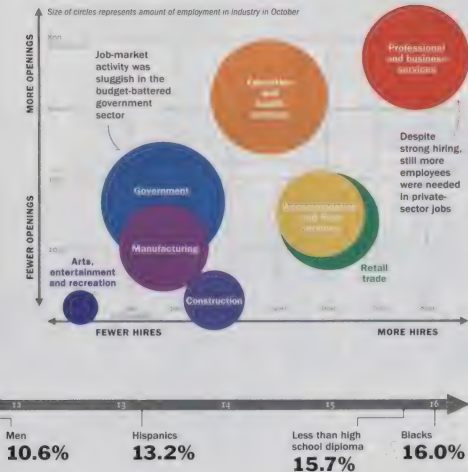
the labor pool—and thus don't count as unemployed—start to look for work again.

That 6% figure refers to what economists call full employment, meaning that people who want to work can find it (give or take time lost to layoffs or telling the boss to shove it). Knocking any kind of dent in the current jobless rate is going to require the net addition of at least 135,000 jobs month after month.

That's not happening—yet. But economists are revising their GDP growth projections upward, and if the conventional wisdom holds, that has to result in stronger job creation at some point quite soon. (Employment growth tends to follow GDP growth with a lag.) Companies are already sitting on mountains of cash because they increased productivity through layoffs

Where Help Is Wanted

Despite the nation's high unemployment rate, some sectors are hiring workers and still need more, while others remain stagnant



and other efficiencies. They have the money to hire, but they need to see increasing sales to justify it. There's some evidence that consumers are finally opening their wallets. Christmas sales were strong. Given the stimulus coursing through the economy from the Federal Reserve's quantitative easing, the tax-cut extension and a 2-percentage-point reduction in the payroll tax, the retail therapy should continue into the new year.

Already, those on the front lines of the job search—like college career officers—are noticing a difference. For college graduates, 2011 figures to be a much better year than the two that preceded it. How could it not? The University of North Carolina at Chapel Hill's career-services office reports that 7% more interviews

were scheduled by companies on campus this past fall than the year before. Still, that's 19% below the figure for fall 2007, so students shouldn't expect a welcoming party. Says career-development director Ray Angle: "I cannot tell you how many times I'm sitting across from a recruiter and they say they want to make sure we're getting the best 10% to 20%." That on-campus tête-à-tête has gotten much more competitive. "People want the best and the brightest," says Angle. "It used to be they said they wanted qualified candidates. But now they say they want people to hit the ground running."

Grownups with actual work experience may be seeing more daylight. Gautam Godhwani, CEO of Simply Hired, which aggregates job openings from em-

ployment websites like CareerBuilder.com, company sites and newspapers, says his site's leading indicator is flashing green. "Before the downturn happened, we had 5 million job openings. This dropped to 2.1 million job openings in the first months of 2009, and lo and behold, in the second half of 2009 the bottom fell out of the economy," he explains. The reverse is now happening. "In the last six months we're back to 5 million jobs in our database. So there are some reasons to be optimistic."

The \$64,000 question is, So where are those 5 million jobs? Some of the answer is obvious. Health care and education, the perennial job comets, are doing well. But professional and business services will do well too. That's a category that includes firms like Deloitte but also office-cleaning companies. According to an analysis by Moody's Analytics for TIME, professional and business services will create some 119,000 jobs this year for bachelor's-degree holders. That's more than health care and education will create in the same category. (Health care and education will generate more jobs for graduate-degree holders than will business services.)

There also seems to be a virtuous circle beginning to take shape. CareerBuilder.com reports that 27% of the companies it surveyed across all sectors plan to add salespeople, an indication that firms of all stripes see rising revenue opportunities. At the same time, they will be advertising openings in like numbers for IT and call-center jobs. "In terms of sales jobs, we've seen everything listed from a basic entry-level representative to team leaders," says CareerBuilder spokeswoman Jennifer Grasz. "The company is going out with the sales force to get new business, being supported by the IT folk, and the call center is working to keep the customers they get happy," she says.

Tech Leads the Way

AMONG THE HAPPIEST PEOPLE AROUND will be those working in the technology sector; network-systems and data analysts are the second-fastest-growing occupations in the U.S. after biomedical engineers. No surprise, since companies have been ramping up their spending on software and computer services. For technology companies, it seems, the most recent recession did not exist. Activision Blizzard CEO Bobby Kotick says his company has doubled in size in the past four years and is hiring artists,



animators, designers and programmers. One issue: how to keep them from being spirited away by even hotter companies like Groupon, which adapts social networking to offer discount shopping and is hiring 150 people a month in Chicago.

Even layoffs seem to lead to opportunities in the tech sector. Ricardo is getting more work from firms that downsized their engineering capability and now can't meet demand. And from venture-capital firms looking to exploit green technologies. "The companies that need help don't

Johns Hopkins

BALTIMORE

At the university's robotics lab, Professor Russ Taylor, far right, leads research into new technology. Johns Hopkins creates jobs, even businesses, but many of Baltimore's residents lack the right skills to get them

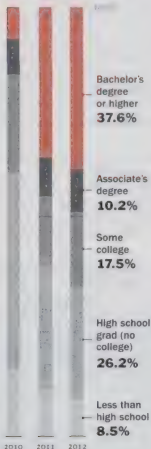
have the resources. There's a big look to the outside," says Niederhofer.

The boom in tech-related jobs isn't limited to the technology sector. GE's decision to expand its appliance operations in Kentucky, Indiana, Alabama and Tennessee reflects the way that global growth and the demand for green technology are altering what can be manufactured in the U.S. "We really wanted to create centers of excellence and determine our own destiny," says Campbell. "We've been on an outsourcing path for many years and used that strategy



The Education Premium

Forecast shares of newly created jobs



Sources: Bureau of Labor Statistics; Moody's Analytics

team is focused on one product, there is a cycle of continuous improvement, resulting in cost savings. (There are further savings in energy costs since goods don't have to be transported long distances.) "You get better and better," says Kevin Nolan, the head of technology for GE's appliance unit. "You increase the skill set of the combined workforce."

GE sees lean manufacturing, long popular in the car industry, as a way to lower manufacturing costs as much as 30%. In making refrigerators, for instance, GE hopes to knock off three to four hours of direct labor for each piece, saving more than \$60 per unit given wage and benefit costs of \$20 to \$22 an hour. Across the country, in fact, unit labor costs have fallen, setting a model for a more competitive U.S. workforce in high-end manufacturing.

None of this means that we're going back to an old-fashioned economy. One of the less attractive features of this job recovery is that it will be cruelly uneven. It will favor, more than ever, the college educated over blue collar workers. It will favor cities that have developed industry clusters in which skills match demand. It will favor the Dakotas over states such as Florida, Nevada and California. It will favor those who work in the private sector over those who work in the public sector. Moody's Analytics' Mark Zandi predicts state and local governments will shed 150,000 jobs this year to try to plug the gaping holes in their budgets. And it will favor companies that sell abroad rather than those that depend solely on domestic demand. "Any industry that is very focused on exports will do well," says Behraves. "Agriculture, aircraft, high tech." He would include education in that segment, since so many foreign countries send their best and brightest here.

What's more, the "he cession," as some have labeled it, will linger like a bad cold. Men represent 60% of the long-term unemployed, according to the Bureau of Labor Statistics. The construction industry shed 2 million jobs in the past three years and isn't poised to restore all that many in 2011. Likewise, the domestic auto industry, which pulled a Houdini in even getting to 2011, is still rationalizing its manufacturing capacity to match its market share. That means recovery will remain in low gear across the industrial Midwest.

Because autos and construction are male-dominated industries, a lot of guys will stay on the sidelines. Nor can many

very effectively. [But] when we looked at what was coming up, we said, We have to make the investment."

What's coming up is a new generation of hybrid water heaters, washing machines, refrigerators and freezers. Not only are these devices more sophisticated in their own right, but they also can communicate with the evolving smart grid, thereby minimizing energy use, lowering operating costs and emitting smaller amounts of greenhouse gases. GE wasn't certain that it could outsource these

higher-value products to other countries at a competitive price. But it is certain that these product lines have to be operational by 2014, when new energy regulations take effect.

The decision to keep lines in the U.S. is underpinned by a conversion to lean manufacturing, in which everyone involved in making a product—design and manufacturing engineers, suppliers, labor, even marketing and salespeople—works together on it from concept through production. And because the

of them move to more promising areas of the country where there might be jobs to suit them, since they are locked into homes they can't sell. (The housing crisis is the gift that keeps on misgiving.) One possible relief valve: energy and mining. Increasing demand for ores, coal, oil and gas, a by-product of growth in China and India, is one reason North Dakota's unemployment rate is 3.8%, the lowest in the nation.

Women have the edge over men be-

cause they are better educated and they dominate the parts of the employment universe that are expanding the most (namely, health and education). Women's share of these jobs will likely increase, given that more women are earning college degrees than men are, by a 3-to-2 margin. Women already hold 51.5% of high-paying management and professional positions.

The education premium—the payoff for earning a degree—will grow larger. According to Moody's, workers with a

graduate, bachelor's or associate degree or even some college experience will get an increasing share of the jobs created. In 2011 the better educated will control 60.1% of all new jobs; by 2015, the projection rises to 66.4%, and that's even after construction bounces back.

It's more evidence that America is facing a bifurcated employment future. At the top end is a highly educated, technically competent workforce attuned to the demands of the global marketplace. At the

Zachary Karabell

Where the Jobs Aren't

Jobs are finally being created, but many of the positions we lost are never coming back

YOU'VE READ THE GOOD NEWS.

The official unemployment rate has leveled off. But that is like saying of a patient on life support that at least he isn't losing any more blood. Job creation still isn't what it should be, and the time it takes seekers to get a new job still hovers around a record 35 weeks. Back in February 2009, when President Obama unveiled the nearly \$800 billion stimulus package, he said, "My economic-recovery plan... will create or save 3.5 million jobs over the next two years." Two years later, new jobs are few and far between.

The real fault wasn't with the package but rather with the underlying assumption that job creation naturally follows an overall economic recovery. After all, in the 70 years since the Great Depression, that is what always happened. But what happens if this time it's different?

The issue in economic terms is whether the current spike in unemployment is structural or cyclical. Since the 1970s, sharp rises in unemployment in the U.S. have all been cyclical, meaning that job losses were a direct reaction to a crisis or recession and employment then recovered largely in sync with an overall economic recovery.

The inability to confront the structural-unemployment question is a greater threat to future prosperity than high unemployment itself. Other countries have seen many years of high unemployment go hand in hand with



solid economic growth: Britain and West Germany in the mid-1980s, Australia in the early 1990s, Canada in the mid-1990s, South Africa today. Unlike these other countries, the U.S. has no recent experience with chronic high unemployment and sees itself as a job-creation engine that may occasionally stall but never seizes up completely. The idea that the problem may be deeper and structural barely registers.

The truth is that the decline in jobs is a result of megatrends including the growth of technology and the rise of globalization. Neither of these is going away. U.S. companies have become more profitable than ever in the past two years even as unemployment has grown. That's because they've been able to tap

an emerging global middle class in China, Brazil, India and elsewhere, both as consumers and lower-cost workers. This, along with the hyperefficiencies produced by technology, has allowed businesses to generate record revenues and profits while shedding record

numbers of workers. Company after company is hiring outside the U.S. and firing in the U.S.—IBM has more workers outside America than in it—and that won't change.

These structural issues will not go away simply because the Fed pumps more money into the financial system or Washington spends more in the form of tax cuts or stimulus. Other countries facing structural unemployment came to understand that the only way to manage a structural decline without having the social fabric unravel is first to admit it exists and then work on ways to solve it. Because Americans deny the structural issue is possible, the problem is dealt with piecemeal through endlessly extending supposedly temporary unemployment benefits that not only are costly (about \$60 billion a year) but also, because they are labeled as temporary, generate anxiety.

Capitalism can necessitate periods of massive disruption as the system reboots, but that requires a collective hard look in the mirror and the following appraisal: the decline in domestic jobs is the result of technology and globalization, both of which have enhanced prosperity. There is no going back, and the manufacturing jobs that have been lost are gone forever. But with a stable economy that is still the world's largest, the U.S. can manage high unemployment if it focuses on building a new economy with cutting-edge infrastructure and education that rivals that found anywhere else in the world.

Very high triglycerides is a medical term for something serious:

TOO MUCH FAT IN YOUR BLOOD.

Ask your doctor about the FDA-approved medication made from omega-3 fish oil: LOVAZA

If you have high cholesterol, diabetes or are overweight you may also have very high triglycerides (≥ 500 mg/dL), which is a serious medical condition. LOVAZA, along with diet, has been clinically proven to lower very high triglycerides in adult patients. Individual results may vary. LOVAZA has not been shown to prevent heart attacks or strokes. It's purified. It's concentrated. And you can't get it at a health food store. Ask your doctor about LOVAZA—the prescription that starts in the sea.

LOVAZA is used along with a low-fat and low-cholesterol diet to lower very high triglycerides (fats) in your blood. Before taking LOVAZA, talk to your healthcare provider about how you can lower high blood fats by: losing weight if you are overweight; increasing physical exercise; lowering alcohol use; treating diseases such as diabetes and low thyroid (hypothyroidism); adjusting the dose or changing other medicines that raise triglyceride levels such as certain blood pressure medicines and estrogens.

Important Safety Information for LOVAZA

LOVAZA, along with diet, helps to lower very high triglycerides (≥ 500 mg/dL) in adult patients. Tell your doctor if you are allergic to fish or shellfish as LOVAZA may not be right for you. Talk to your doctor about any medical conditions you have and any medications you are taking, especially those that may increase your risk of bleeding. In some patients, LDL (bad) cholesterol may increase. Your healthcare provider should do blood tests before and during treatment with LOVAZA to check your cholesterol and triglyceride levels. If you have liver disease, you may require additional monitoring. Possible side effects include burping, infection, flu-like symptoms, upset stomach and change in sense of taste. How supplied: 1-gram capsule


Please see important Patient Information on the next page.

You are encouraged to report negative side effects of prescription drugs to the FDA. Visit www.fda.gov/medwatch, or call 1-800-FDA-1088.

For more information,
visit **LOVAZA.com** or call **1-877-LOVAZA1**

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omega 3 acid ethyl esters

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 gsk

If you don't have prescription coverage and can't afford your medicines, visit GSKPatientAssistance.org or 1-800-458-5231 for more info.

LOVAZA

Capsule shown not actual size

Read the Patient Information that comes with LOVAZA before you start taking it, and each time you get a refill. There may be new information. This leaflet summarizes the most important information about LOVAZA and does not take the place of talking with your doctor about your condition or treatment.

What is LOVAZA?

LOVAZA is a prescription medicine, called a lipid-regulating medicine, for adults. LOVAZA is made of omega-3 fatty acids from oils of fish, such as salmon and mackerel. Omega-3 fatty acids are substances that your body needs but cannot produce itself.

LOVAZA is used along with a low-fat and low-cholesterol diet to lower very high triglycerides (fats) in your blood. Before taking LOVAZA, talk to your healthcare provider about how you can lower high blood fats by:

- losing weight, if you are overweight
- increasing physical exercise
- lowering alcohol use
- treating diseases such as diabetes and low thyroid (hypothyroidism)
- adjusting the dose or changing other medicines that raise triglyceride levels such as certain blood pressure medicines and estrogens

Treatment with LOVAZA has not been shown to prevent heart attacks or strokes.

LOVAZA has not been studied in children under the age of 18 years.

Who should NOT take LOVAZA?

Do not take LOVAZA if you:

- are allergic to LOVAZA or any of its ingredients.

What should I tell my doctor before taking LOVAZA?

Tell your doctor about all of your medical conditions, including if you:

- drink more than 2 glasses of alcohol daily
- have diabetes
- have a thyroid problem called hypothyroidism
- have a liver problem
- have a pancreas problem
- are allergic to fish and/or shellfish
- LOVAZA may not be right for you
- are pregnant, or planning to become pregnant. It is not known if LOVAZA can harm your unborn baby.
- are breastfeeding. It is not known if LOVAZA passes into your milk and if it can harm your baby.

Tell your doctor about all the medicines you take, including prescription and non-prescription medicine, vitamins, and herbal supplements. LOVAZA and certain other medicines can interact. Especially tell your doctor if you take medicines that affect clotting such as anticoagulants or blood thinners. Examples of these medicines include aspirin, nonsteroidal anti-inflammatory agents (NSAIDs), warfarin, coumatin, and clopidogrel (PLAVIX®).

How should I take LOVAZA?

- Take LOVAZA exactly as prescribed. Do not change your dose or stop LOVAZA without talking to your doctor.
- Your doctor should start you on a low-fat and low-cholesterol diet before giving you LOVAZA. Stay on this low-fat and low-cholesterol diet while taking LOVAZA.
- Your doctor should do blood tests to check your triglyceride and cholesterol levels during treatment with LOVAZA.
- If you have liver disease, your doctor should do blood tests to check your liver function during treatment with LOVAZA.

What are the possible side effects of LOVAZA?

The most common side effects with LOVAZA are burping, infection, flu symptoms, upset stomach, and a change in your sense of taste.

LOVAZA may affect certain blood tests. It may change:

- one of the tests to check liver function (ALT)
- one of the tests to measure cholesterol levels (LDL-C)

Talk to your doctor if you have side effects that bother you or that will not go away.

These are not all the side effects with LOVAZA. For more information, ask your doctor or pharmacist.

What are the ingredients in LOVAZA?

Active Ingredient:

Omega-3-acid ethyl esters

Inactive Ingredients: Gelatin, glycerol, purified water, alpha-tocopherol (in soybean oil)

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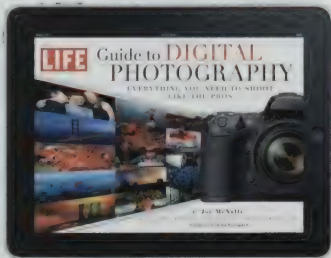
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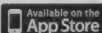
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other end is a willing but underskilled group that is seeing its prospects undermined by workers in countries like China in low-end manufacturing and by a skills mismatch in emerging industries.

It's a picture that looks something like Baltimore. A port city once anchored by an enormous Bethlehem Steel plant, Baltimore has lost 313,000 of its 950,000 residents in the past 60 years. But the city can create jobs. Baltimore's biggest private employer is Johns Hopkins, with 53,532 employees at the university and its hospitals. Hopkins is a force in emerging fields like bioengineering. But university president Ronald Daniels says the institution is creating jobs for skilled professionals in a city lacking them. Its middle class—white and black—is mostly gone. "What we have is a real mismatch. The population that is left behind is truly left behind," he notes, emphasizing the university's role in trying to improve Baltimore's education system. Hopkins has set up training programs for positions like lab technician to allow Baltimore residents a shot at the jobs the institution continues to create. It's one

General Electric CHILTSVILLE, KY.

By converting to lean manufacturing, as it has with this dishwasher line, GE has been able to lower costs, reduce waste and create new jobs. Rather than outsourcing more, the firm is producing new product lines domestically

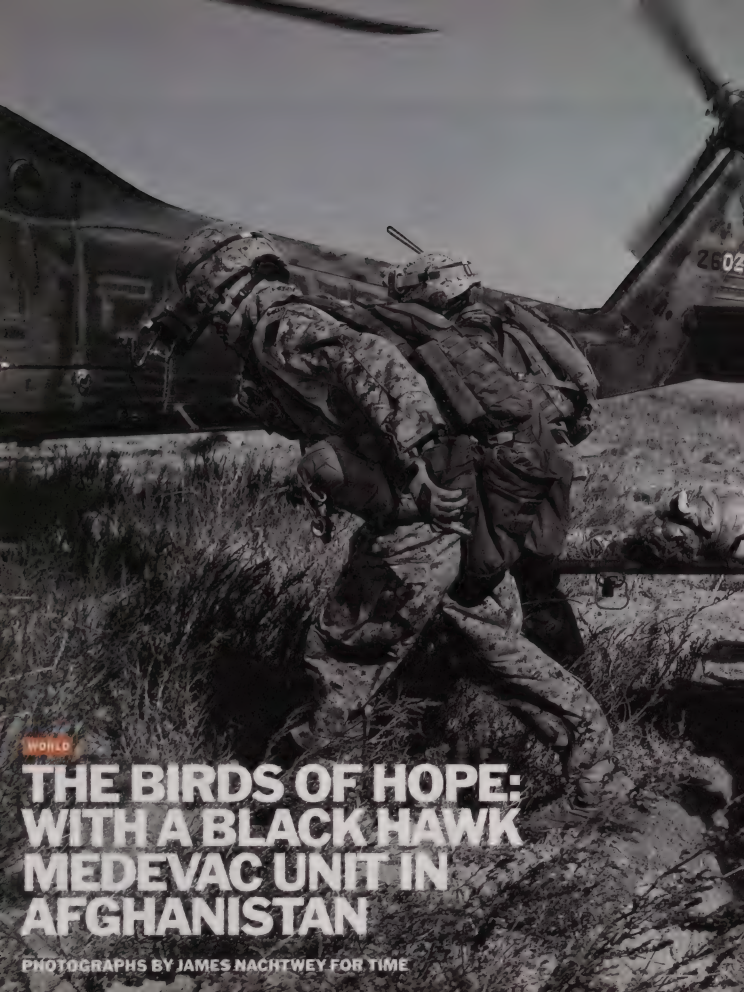
path to lowering the staggering 16% national unemployment rate among blacks.

Indeed, the ability to match vital skill sets to needs is going to determine whether many jobs will stay or move in cities all over the country in the next couple of years. Industrial arts are still in demand. Smith & Wesson has been producing hardware in Springfield, Mass., since 1852, and it plans to stay. The company is set to expand its historic manufacturing site, thanks to up to \$6 million in tax credits from Massachusetts. And because business is getting better, director of marketing services Paul

Pluff says, the company will be hiring 225 people over the next two years, in positions from factory worker to senior manager, at salaries from \$35,000 to north of \$150,000 annually. "These are good jobs at good wages, with full benefits," says Pluff.

Smith & Wesson shouldn't have much of a problem filling those vacancies with the right folks. It has been sending its used equipment to local vocational schools and community colleges to help develop the skilled workforce required to run the numerically controlled machining used to precision-cut metal. "The talent and the knowledge is here; we have been very adept at hiring and training," says Pluff.

There will be no shortage of applicants. It will be years before the unemployment rate gets below 5% again—if that ever happens—because so many jobs were destroyed or exported in the Great Recession. But the U.S. job machine has at least restarted, and this remains, by nature or necessity, a nation of workaholics. Americans have to work. Maybe that's why we've been so good at creating it. —WITH REPORTING BY DEIRDRE VAN DYK ■



WORLD

THE BIRDS OF HOPE: WITH A BLACK HAWK MEDEVAC UNIT IN AFGHANISTAN

PHOTOGRAPHS BY JAMES NACHTWEY FOR TIME

TO THE RESCUE
A Marine severely
wounded by an
IED blast is rushed
from a helicopter
by medical
crew members
in Marjah, in
Helmand province





LIFE STRUGGLE

The Marine is treated by medevac crew members inside the Black Hawk helicopter. He survived the IED blast but lost both of his legs



HELPING HAND

A Marine carries an Afghan child, one of two wounded by coalition aircraft during an air support mission in Marjah.





WATCHFUL EYE

Outside Camp Dwyer, an Afghan elder, above left, checks on the condition of the children wounded by coalition forces.

GENERAL WILLIAM TECUMSEH SHERMAN got it right. War is hell. But even within the cruelty of war, there exists mercy.


Across a dusty field, two U.S. Marines walk toward a helicopter, each carrying a bloodied and bandaged child. They hold the children as if they were their own. Although at this moment they appear as saviors, a few minutes earlier, they had called in air support in response to enemy fire. The shooter was among children, however (a fact that I have to believe was not known to the Marines), and two were seriously wounded by fragments from machine-gun rounds.

Innocent people are caught in the cross fire in all wars. That's reality. The two Marines never signed up to hurt kids, and in the shock and confusion, their default reaction was to be protective of the children they indirectly had a hand in wounding. The kids were

not left to die, as they might have been in another time and another place by other armies. Instead, a U.S. Army air-ambulance medevac crew was dispatched to fly them to the same medical facility that treats American casualties. If the shooter had survived, he too would have been helped.

Another snapshot from hell, another dusty field. This time it's a Marine being carried on a litter—a young man, both his legs gone, blown off by an IED, the signature weapon of the war. The flight medic works with fierce concentration while the crew chief talks to the Marine, keeping him from passing out so he can help fight for his life as he toughs out the pain. The medevac company has as its symbol a pair of angel wings. It is seemingly not fashioned from feathers but carved out of a hard composite of brass and grit. —BY JAMES NACHTWEY





IN HARM'S WAY
The two Afghan
children wounded
in the incident
are treated on
their way to
Camp Dwyer
by medevac
crew members

FINISHING THE JOB IN AFGHANISTAN.

NEEDED: SECURITY, DEVELOPMENT AND A STABLE PAKISTAN

BY JOE KLEIN

IN EARLY DECEMBER, U.S. AMBASSADOR Karl Eikenberry attended a *shura* in the Zhari district of Afghanistan's Kandahar province for the first time. "I've been to all 34 of Afghanistan's provinces, but I've never been here before, because the Taliban prevented it," he told the local elders. "A year ago, I would never have believed we could have this meeting, so I congratulate you on your courage."

Zhari district is in the heart of the Taliban homeland, an area so dangerous that the district governor's office, where we were meeting, is located within the local U.S. military base, Forward Operating Base Wilson. This was one of the first *shura* meetings there, since many of the elders had been too intimidated (or committed to the Taliban) to gather publicly before. But NATO coalition troops had successfully cleared the area over the past three months; significant weapons caches and bombmaking factories had been found. The fighting had been fierce at times, extended firefights of a sort that was rare in this hit-and-run war. Now the action had moved west, as the Taliban were pushed from their ancestral home. There were still violent incidents—roadside bombs, suicide attacks, an occasional sniper—but the area was safe enough for markets to begin reopening, and hundreds of Afghan civilians were now willing to work for \$5 a day on local development projects. In the past, they had been too frightened of Taliban retribution to work for the Americans.

I had first visited the district in April, embedding with U.S. troops in the nearby town of Senjaray, and the progress was remarkable. The Afghan National Army (ANA) had arrived in force and was conducting joint patrols with the U.S. forces—although most of the ANA troops were non-Pashtun, from the north and west, and needed interpreters to communicate with the townspeople just as the Americans did. Still, I walked several patrols with the joint forces, and we were able to enter areas that had been off-limits to U.S. troops in April.

And now, in the district governor's office, I was witnessing the first stirrings of local governance—which mostly consisted of the elders' demanding assistance from the U.S. government. Some of the demands were reasonable: the elders wanted reparations for the damage done to local homesteads in the fighting. They also wanted major improvements to the local irrigation system, which channels water from the Arghandab River into the rest of the valley, a particularly fecund agricultural area. Those projects were already under way.

But the elders, especially several large absentee landholders from Kandahar city, were looking for more: paved roads, electricity, cold-storage facilities for their crops. Eikenberry listened patiently to the requests and promised to do what he could. Earlier, at Kandahar airport, he had listened to demands for elaborate improvements to the civilian aviation facilities there. The ambassador listens to hundreds of similar requests throughout



the country every day, which raises several crucial questions: After 10 years of fighting a war that now costs the U.S. upwards of \$100 billion—\$1 million per soldier—per year, where do we draw the line? Once we've cleared the Taliban from an area, what remaining responsibilities do we have—and what should the Afghans be doing for themselves? Do we really need to provide cold-storage facilities to the world's fourth poorest country? Given the sour U.S. economy and budget deficits, what to do about Afghanistan looms as a major domestic policy issue for President Barack Obama this year.

SINCE RETURNING FROM AFGHANISTAN, I've posed the "cold storage" question to several senior military, diplomatic and White House officials. It is a convenient litmus test for the larger questions: What is our long-term strategic purpose in Afghanistan? How much longer are we going to stay there? How much more money are we going to spend? There are strong arguments on both sides. "Yes, absolutely, we should provide cold-storage facilities," a senior military official told



me. "They're shipping pomegranates from Kandahar airfield now. They need places to store them before shipment." (Afghan pomegranates have assumed an almost mythic value among U.S. officials, since they're the most valuable cash crop after opium poppies and a suitable replacement for them; the late Richard Holbrooke, Obama's special envoy for Afghanistan and Pakistan, was obsessed with them.)

"But how do you make things cold?" an Administration official responded. "In order to provide cold storage, you need an electric power supply, which they don't have in Kandahar province. So do we build that too? You need transportation facilities. We're spending nearly twice as much on Afghanistan as we're spending on Homeland Security. We are going to have a serious budget discussion this year, including the Pentagon budget. We have to look closely at our priorities."

Despite such disagreements, there is surprising unanimity about the military portion of the Afghan endgame, especially after the successes of the past six months. Within two or three years—certainly by the end of 2013—the vast

STILL THERE

The shadow of a Black Hawk helicopter as it lifts off in Helmand province. I spot only a minuscule drawdown of U.S. troops. (This year

majority of U.S. troops in Afghanistan will depart. There will be a continuing NATO presence, perhaps 25,000 (mostly U.S.) troops, to train, equip and provide logistics for the Afghan National Security Forces and to continue special operations against the Taliban and al-Qaeda in both Afghanistan and northern Pakistan. Kandahar and Bagram air bases will stage the operations and remain under NATO control for the foreseeable future.

This process will begin, on schedule, in July 2011. It will start, Administration officials say, with a formal statement from President Obama—a statement similar to his announcement in March 2009 that major U.S. combat operations would end in Iraq by September 2010 and that U.S. troop levels would be reduced to 50,000. In this case, the troop withdrawals will be minuscule at first. General David Petraeus will have all of 2011 to solidify the gains NATO troops have made in the south this past year and attempt to stabilize the other main Taliban stronghold, in eastern Afghanistan. The Administration would like to see significant numbers of troops return home in 2012, which is, perhaps not coincidentally, the year of Obama's re-election campaign; Petraeus would like them to stay on for at least another year.

But even if Afghanistan can be stabilized militarily by Election Day in 2012—an enormous if—the situation could quickly unravel if the government of President Hamid Karzai remains as corrupt and incompetent as it is now and if Afghanistan's neighbors India and Pakistan continue to see it as a pawn in their never ending enmity. Whether the U.S. should even address those long-term questions is the quiet fault line in the current Afghanistan-policy debate.

NO ONE IN THE ADMINISTRATION WHO follows Afghanistan closely believes we can simply "get out," as critics propose. The U.S. has significant national-security interests in the region. The first, oft stated, is to prevent al Qaeda from returning to a Taliban-controlled Afghanistan and using it as a safe haven. But that isn't nearly as important as the problem next door in Pakistan, with a wobbly civilian government that has more than 80 nuclear weapons and a history of military coups, some of which have been led by Islamists. Obama signaled his awareness of this larger issue in an interview with me just before the 2008 election: he said that Afghanistan was part of a regional problem and that he wanted to send a special envoy to sort out the problems between India and Pakistan, especially the dispute over Kashmir. The Indians, ever jealous regard

ing any interference in what they consider internal affairs, were infuriated by what Obama said to me, and he was careful to drop India from the portfolio of Holbrooke, who laughingly called Kashmir "the issue that dare not speak its name."

But spoken or not, the issue remains. If tensions between India and Pakistan remain high, the likelihood of a military coup in Pakistan—perhaps one led by al-Qaeda or Pakistani Taliban sympathizers—increases. And Afghanistan has been a central theater for those tensions. Pakistan's infamous Inter-Services Intelligence directorate (ISI) helped create the Taliban to block an Indian beachhead in Afghanistan after the Russians left in 1989. It was a clever ploy, putting Pakistan on the side of Afghanistan's Pashtun majority. In response, the Indians and others supported the Northern Alliance, a coalition of Afghanistan's various ethnic minorities. The ensuing civil war elevated the Taliban to power. The terrorist attacks of Sept. 11, 2001, brought the U.S. into the fray and kicked the Taliban out. Ever since, the Pakistanis have continued to quietly back the Taliban while nominally standing as a U.S. ally; they remain unconvinced that the Americans will have the patience to stay the course in Afghanistan.

JUST BEFORE HE DIED, HOLBROOKE TOLD me over dinner his hopes for an Afghan endgame. (Caveat lector: Holbrooke was a close friend and my son's former boss and mentor in the State Department.) There would be no solution, he believed, if the Pakistanis didn't think the U.S. was in Afghanistan for the long haul. He despaired over working with Karzai's government, but he believed that a credible Afghan military could be built—with good reason, since the current ANA is, in effect, a larger version of the old Northern Alliance: more than 90% non-Pashtun. The U.S. has repeatedly assured the Pakistanis that NATO funding of the ANA will keep the Indians out of the picture. If the Pakistanis perceive a reduced Indian threat, they might reduce their support for the Taliban. The U.S. would foot the bill for the Afghan military: \$7 billion to \$8 billion per year. "But that would be chump change compared to the \$100 billion we're spending now," an Administration official told me.

Holbrooke believed tensions could not be reduced without a diplomatic solution. He wanted to cap his long career with a final haggle—this one with the Taliban themselves, leading to a peace conference celebrating the 10th anniversary of the Bonn accord, which established the Karzai government in December 2001. He

NO ONE WHO FOLLOWS AFGHANISTAN CLOSELY BELIEVES WE CAN SIMPLY 'GET OUT'

was at odds with Petraeus about that. The general was looking for something closer to a surrender than a negotiation from the Taliban, and his remains the default position in the Obama Administration. Holbrooke was also skeptical about the efficacy of maintaining a large U.S. force in Afghanistan, although he was curious about what sort of progress I'd find when I visited the Taliban heartland in December. (He collapsed before I could talk to him, on the morning I returned.) But Holbrooke and Petraeus did agree on one aspect of the war: cold storage. Both were convinced that there would never be real stability in Afghanistan until a strong agricultural economy returned. Having lost his faith in the Karzai administration, Holbrooke hoped a credible government could emerge from the bottom up, from local *shuras* like the one in Zhari that Eikenberry met with, from a rural populace that had moved on from poppies—a funding source for both the Taliban and Karzai's friends—to pomegranates and wheat.

THE FIGHTING SEASON IN AFGHANISTAN, I've learned, begins after the opium harvest in April and ends with the marijuana harvest in late November. When I visited Senjary in December, marijuana was drying on flat mud rooftops all over town. The fighting season in 2010 was the most successful for the U.S. since the very first push, in 2001, that dislodged the Taliban from power but allowed Osama bin Laden to escape. That initial success was not followed by any effective diplomatic, govern-

mental or economic development action by George W. Bush's Administration, and the Taliban returned.

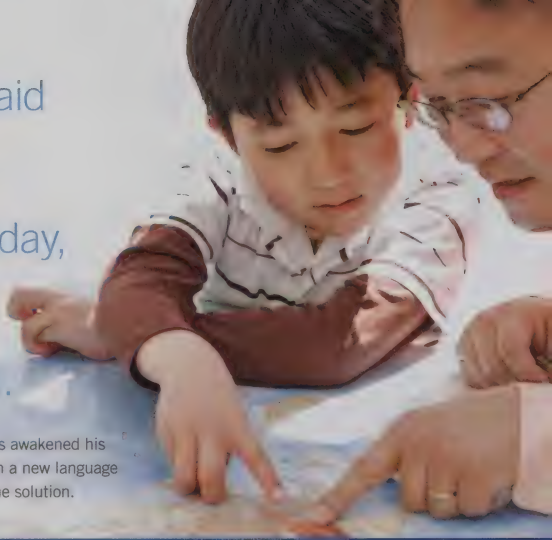
The Obama Administration is in a stronger position now, but still a fragile one. The U.S. military has proved its ability to clear the Taliban from its best-defended areas; there is a fighting chance that the ANA will be able to hold those positions. But the Karzai government remains a mess, and there is diplomatic and development work still to be done. Petraeus is, once again, doing his job. But it is only half of the job to be done. If the real U.S. national security interest in Afghanistan is the stability of Pakistan, that is a job for a master diplomat like Holbrooke—and the true portfolio is the one that Obama mentioned to me in 2008: Afghanistan, Pakistan and India.

Obama handled Holbrooke badly, although Richard was—as his good friends know—a handful. According to Leslie H. Gelb, the president emeritus of the Council on Foreign Relations and Holbrooke's closest friend, the President undercut Holbrooke from the very beginning. After Holbrooke read Karzai the riot act, telling him that he would have to clean up his government and that funds would no longer flow with no strings attached as they did during the Bush Administration, Karzai called the White House and said he would no longer deal with Holbrooke. Instead of telling Karzai that he would deal with the U.S. President's special representative or with no one at all, the Obama Administration caved. Holbrooke wasn't part of the President's traveling party on two trips to Afghanistan; Karzai was massaged by Secretary of State Hillary Clinton and Senator John Kerry instead; and the Afghan President treated both Eikenberry and Petraeus with disdain.

The question of who will replace Holbrooke is now front and center. There isn't much appetite for the job among senior diplomats. I'm told that Clinton asked the eminently qualified Thomas Pickering, former ambassador to the U.N., to take the job but was turned down.

Obama may get lucky. It is quite possible that he will have the appearance of an Afghan solution in place, with tens of thousands of troops returning home, as he runs for re-election in 2012. But if he really wants to stabilize South Asia and make it less likely that Pakistan's nuclear arsenal falls into the hands of terrorists, he is going to have to hire a diplomat as skilled as Petraeus is at warfare and give him (or her) the same amount of authority that Petraeus has. An unstable Pakistan is potentially the world's greatest security threat. It can't be fudged. It has to be faced. ■

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Obamacare Goes Under The Knife

The campaign to reshape and repeal health care reform is just starting. Will Obama's landmark achievement survive its second year?

BY KATE PICKERT

IN THE NEARLY 10 MONTHS since the Democrats' health care bill became law, bureaucrats have been feverishly writing new regulations, and the first wave of reform has arrived. There are tax credits for small businesses to cover employees; kids can stay on their parents' policies until they are 26; co-pays for preventive care went away. But to most Americans, the enactment of the Patient Protection and Affordable Care Act has felt less like the dawn of a new era and more like the start of a long partisan war over whether reform should proceed at all.

The new Republican majority in the House of Representatives will vote to repeal the

entire health care reform law on Jan. 12. If (as expected) the Senate does not follow suit, the House will then try to dismantle it "piece by piece," in the words of Michigan's Fred Upton, the new chairman of the chamber's Energy and Commerce Committee. "We'll see if this thing will crumble," he says. Elsewhere, lawyers are challenging the constitutionality of central components of the law in federal courthouses and are likely to carry their arguments all the way to the Supreme Court. Republican governors are proceeding in kind, supporting those lawsuits and resisting the law inside their state borders, even as they take the millions in federal funds that come with it.

While wholesale repeal is virtually impossible, there is no guarantee that the shaky coalition Obama glued together to get the landmark bill passed last year will hold. In the midterm-election campaigns, Democrats found themselves under fire for backing a new expansion of federal entitlements. Some of those who expect to face tough contests in 2012 may decide to hedge their bets on subsequent votes to defend or dismantle the law. One House Democrat, Dan Boren of Oklahoma, has already said he is "inclined to support the repeal." Physicians' groups, hospitals, insurers and drugmakers, which reluctantly got behind the measure last year, will

stick with the law only if its implementation appears to be stable and predictable. Major legislative revisions, which are not impossible, may cause their support to evaporate. It is almost certain that the law will be changed before the 112th Congress adjourns next year.

How much? History may be a useful guide. The creation of Social Security in 1935 and Medicare in 1965 spawned lawsuits and promises of repeal too. Yet in the years that followed, neither program was scaled back. Both, in fact, were greatly expanded. Here's a look at the war on health care reform—and the fronts on which the battles of 2011 will be fought.



The number of states, as of Jan. 4, that have signed on to a Florida lawsuit challenging the constitutionality of the Affordable Care Act



IN CONGRESS

Will they whack it back?

OBAMA SAID THE DAY AFTER the midterms, "I think we'd be misreading the election if we thought that the American people want to see us for the next two years relitigate arguments that we had over the last two years."

But that is exactly what congressional Republicans plan to do. New majority leader Eric Cantor has already unveiled a leadership-backed bill to repeal the Affordable Care Act (which the bill refers to as "the job-killing health care law"). A repeal vote would be chiefly symbolic, since it is likely to stall in the Senate. But it is an important signal from the GOP leadership to the Tea Party movement, as well as a harbinger for 2011. As House Speaker John Boehner put it, "There's a lot of tricks up our sleeve in terms of how we can dent this, kick it, slow it down, to make sure it never happens. And trust me, I want to make sure this health care bill never, ever, ever is implemented."

More likely, Republicans will work over the next two years to sand down what they see as health care reform's most objectionable provisions. Targets may include the new requirement that businesses with 50 or more employers provide health benefits or reform's massive cuts to Medicare. On other priorities, Republicans may even find an ally in the White House, which has done its own share of sanding, issuing

waivers to exempt certain insurers from new regulations and making it easier for some businesses to evade new rules. There is bipartisan support to repeal a provision requiring businesses to file tax forms for vendors from whom they purchase at least \$600 in goods or services. And less than two weeks after news broke that the Administration was quietly enacting a Medicare regulation to compensate doctors for end-of-life care counseling, which spawned lies about "death panels" in 2010, the Department of Health and Human Services (HHS) panicked and quickly abandoned the idea.

In addition to actual legislative attempts at change, a round of high-profile show trials is also in the works. Republican-controlled committees in the House are expected to summon Obama aides frequently to testify about implementation plans (which will, if nothing else, give Republicans a chance to suggest that health care reform will drive up costs and lead to rationing). Meanwhile, Representative Darrell Issa, who now heads the House Oversight Committee, has signaled that he may investigate the Affordable Care Act, including deals the White House cut with the pharmaceutical industry, among others, during the reform debate.

These gambits won't get serious until someone proposes to cut off the money. That could happen in March, when the House must initiate legislation to fund the government through September 2011. Likely to be on the chopping block is any spending directly or indirectly related to the Affordable Care Act, such as outlays for HHS and the Internal Revenue Service.

But even here, Congress's hands are partly tied: while some \$10 billion to \$20 billion in health-reform administration funds needed over the next 10 years could get chopped, the dirty little secret of federal health care funding is that the vast majority of spending in the law is mandatory: lawmakers are limited in their ability to withhold it. (Funds to expand coverage—through Medicaid and federal subsidies to purchase private insurance—fall into this category.) Representative Paul Ryan, the new chairman of the House Budget Committee, said in October the defunding effort probably would not work and would, at best, lead to a "stalemate."



IN THE COURTS

Is it constitutional?

WHILE REPUBLICANS IN Congress will mostly nibble at the edges of reform, governors and state attorneys general have mounted a more frontal assault. At least 20 states have filed suit to stop health care reform by judicial fiat, arguing in federal courts that Washington lacks the authority under the Constitution's commerce clause to force people to purchase health insurance. A federal judge in Virginia has ruled the individual-mandate provision unconstitutional, and a second jurist in Florida has indicated he may follow. "If [Washington] decided everybody needs to eat broccoli because broccoli makes us healthy," asked Judge Roger Vinson of Florida's Northern District

at a recent hearing, "could [it] mandate that everybody has to eat a certain amount of broccoli each week?"

The Obama Administration argues that it can fine uninsured Americans because the penalty is a tax, which the federal government has the authority to levy. Even if it weren't a tax, however, the Justice Department says America's health insurance market and its health care system are so inextricably intertwined that Congress has plenty of room under the commerce clause to regulate them as it sees fit. Two federal judges have agreed so far, ruling that the individual mandate is within the bounds of federal power. The Justice Department points to a 1942 Supreme Court decision that Washington could determine how much wheat a farmer could grow, in part because the size of his crop could affect prices nationally.

"The Administration has a stronger case based on precedent, but it is not overwhelming," says Jonathan Turley, a law professor at George Washington University who voted for Obama. "There is, in fact, a legitimate and a serious constitutional question raised by the health care bill."

The Administration's arguments will be stacked against other Supreme Court decisions if the individual-mandate question lands before the high court, which seems likely. In 1995, for example, a majority of justices were not persuaded that the commerce clause allowed the federal government to enforce a ban on guns in school zones, on the grounds that firearms in classrooms lead to violent crime and depress the economy.

Which means opponents have already achieved one goal: creating uncertainty on

a key provision of the law. That alone could slow its implementation. And in the hands of a Supreme Court that tilts to the right, it's conceivable the individual mandate could fall. Would Obama's reform have much teeth without it? Yes and no. The Administration has gone out of its way to say

Washington will pick up most of the tab for the 16 million people who will be added to the Medicaid rolls in 2014, paying \$434 billion in additional program expenditures to the states over 10 years. Some \$10 billion is available to states now to temporarily insure people

ber of Commerce opposed Pawlenty's executive order, as did hospital groups in the state, and in late October, Minnesota quietly opted into a program to insure some retired state workers.

More recently, the new governor of Minnesota, Democrat Mark Dayton, reversed Pawlenty's decision days after taking office, greatly expanding the state's Medicaid program under an Affordable Care Act provision. "Unless somebody's successful in getting the court to throw out the key elements of it or the Congress is successful in repealing it," Pawlenty says, "the walls will slowly close in on the states."



WASHINGTON

Can Obama make it real?

IF YOU GO TO THE ADMINISTRATION'S reform website, www.healthcare.gov, you'll find a nifty calendar that tells you, down to the exact date, when provisions of the law take effect. It's a bit of a tease. Big ticket items don't kick in for years. Until then, most Americans may be left wondering what the point of it all was.

Some examples: The provisions that expand coverage to 32 million Americans who don't have it now? Those changes won't happen until 2014. The law's requirement that insurers cover pre-existing conditions? Not until the same year. Completely closing the doughnut hole, the massive gap in Medicare prescription-drug coverage? 2020.

Many of the delays are due to the fact that the law's authors wanted to keep the 10-year cost of the bill under \$1 trillion. Proponents also did not want to sock the Treasury and taxpayers with huge transitional costs in the middle of a recession (or before Obama's re-election campaign in 2012). But that instinct has given their opponents ample time to launch counterstrikes against a law whose benefits most consumers neither understand nor feel. So the Administration is trumpeting small but popular provisions that are now in effect. It's also issuing tough regulations, like those requiring insurers to spend at least 80% of premiums on actual medical care, beginning this year.

One unlikely Obama ally in this rearguard action is the hospital industry, whose biggest fear is that the pieces of the law that benefit hospitals will be abandoned while other provisions, which don't help them, will be left in place. "The real question is, How much more dangerous does it become over time if some of the other parts don't happen?" says Susan DeVore, president and CEO of Premier, a coalition of more than 2,400 hospitals nationwide. It would be wrong to overstate this alliance, however: many big health care providers and insurers have decided to abide by the reforms now that they are law but focus their efforts on making the new regulations as weak as possible.

In many ways, the most important question facing health care reform is whether its benefits can outrun its critics. That race is already under way.

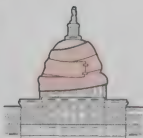
millions of Americans swelling the uninsured's ranks, Democrats knew most states would jump at health reform's massive federal cash infusion. That has helped create what HHS Secretary Kathleen Sebelius calls a "parallel universe," in which many of the same governors who are suing to overturn the law are also quietly accepting the money that comes with it. "For lots of governors," she tells TIME, "they have reasons to provide for their constituents that they wouldn't have otherwise."

And it's a lot of money.

could really use that."

But they haven't all jumped. In August, then governor of Minnesota Tim Pawlenty issued an executive order prohibiting state agencies from applying for federal grants like those that have gone to nearly every other state. "I think this is one of the worst pieces of legislation in the modern history of the country," Pawlenty, who is running for the 2012 GOP presidential nomination, tells TIME. "And I'm going to do what I can to defeat it and mitigate its direction in my state." The Minnesota Cham-

The number of states, as of Jan. 4, that have signed on to a Florida lawsuit challenging the constitutionality of the Affordable Care Act



IN CONGRESS

Will they whack it back?

OBAMA SAID THE DAY AFTER the midterms, "I think we'd be misreading the election if we thought that the American people want to see us for the next two years relitigate arguments that we had over the last two years."

But that is exactly what congressional Republicans plan to do. New majority leader Eric Cantor has already unveiled a leadership-backed bill to repeal the Affordable Care Act (which the bill refers to as "the job-killing health care law"). A repeal vote would be chiefly symbolic, since it is likely to stall in the Senate. But it is an important signal from the GOP leadership to the Tea Party movement, as well as a harbinger for 2012. As House Speaker John Boehner put it, "There's a lot of tricks up our sleeve in terms of how we can dent this, kick it, slow it down, to make sure it never happens. And trust me, I want to make sure this health care bill never, ever, ever is implemented."

More likely, Republicans will work over the next two years to sand down what they see as health care reform's most objectionable provisions. Targets may include the new requirement that businesses with 50 or more employers provide health benefits or reform's massive cuts to Medicare. On other priorities, Republicans may even find an ally in the White House, which has done its own share of sanding, issuing

waivers to exempt certain insurers from new regulations and making it easier for some businesses to evade new rules. There is bipartisan support to repeal a provision requiring businesses to file tax forms for vendors from whom they purchase at least \$600 in goods or services. And less than two weeks after news broke that the Administration was quietly enacting a Medicare regulation to compensate doctors for end-of-life care counseling, which spawned lies about "death panels" in 2010, the Department of Health and Human Services (HHS) panicked and quickly abandoned the idea.

In addition to actual legislative attempts at change, a round of high-profile show trials is also in the works. Republican-controlled committees in the House are expected to summon Obama aides frequently to testify about implementation plans (which will, if nothing else, give Republicans a chance to suggest that health care reform will drive up costs and lead to rationing). Meanwhile, Representative Darrell Issa, who now heads the House Oversight Committee, has signaled that he may investigate the Affordable Care Act, including deals the White House cut with the pharmaceutical industry, among others, during the reform debate.

These gambits won't get serious until someone proposes to cut off the money. That could happen in March, when the House must initiate legislation to fund the government through September 2011. Likely to be on the chopping block is any spending directly or indirectly related to the Affordable Care Act, such as outlays for HHS and the Internal Revenue Service.

But even here, Congress's hands are partly tied: while some \$10 billion to \$20 billion in health-reform administration funds needed over the next two years could get chopped, the dirty little secret of federal health care funding is that the vast majority of spending in the law is manda-

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at a recent hearing, "could [it] mandate that everybody has to eat a certain amount of broccoli each week?"

The Obama Administration argues that it can fine uninsured Americans because the penalty is a tax, which the federal government has the authority to levy. But



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20 states have filed suit to stop health care reform by judicial fiat, arguing in federal courts that Washington lacks the authority under the Constitution's commerce clause to force people to purchase health insurance. A federal judge in Virginia has ruled the individual-mandate provision unconstitutional, and a second jurist in Florida has indicated he may follow. "If [Washington] decided everybody needs to eat broccoli because broccoli makes us healthy," asked Judge Roger Vinson of Florida's Northern District

by the health care bill."

The Administration's arguments will be stacked against other Supreme Court decisions if the individual-mandate question lands before the high court, which seems likely. In 1995, for example, a majority of justices were not persuaded that the commerce clause allowed the federal government to enforce a ban on guns in school zones, on the grounds that firearms in classrooms lead to violent crime and depress the economy.

Which means opponents have already achieved one goal: casting uncertainty on

a key provision of the law. That alone could slow its implementation. And in the hands of a Supreme Court that tilts to the right, it's conceivable the individual mandate could fall. Would Obama's reform have much teeth without it? Yes and no. The Administration has gone out of its way to say portions of the Affordable Care Act could survive without an individual mandate. New insurance marketplaces, called exchanges, could still be established; Medicare could still be significantly cut and Medicaid dramatically expanded. However, new insurance regulations requiring insurers to cover everyone—even those with pre-existing conditions—at the same prices would be jeopardized without the individual mandate.



IN THE STATES

Will money talk?

WITH SO MANY STATE TREASURIES running short and millions of Americans swelling the uninsured's ranks, Democrats knew most states would jump at health reform's massive federal cash infusion. That has helped create what HHS Secretary Kathleen Sebelius calls a "parallel universe," in which many of the same governors who are suing to overturn the law are also quietly accepting the money that comes with it. "For lots of governors," she tells TIME, "they have resources to provide for their constituents that they wouldn't have otherwise."

And it's a lot of money.

Washington will pick up most of the tab for the 16 million people who will be added to the Medicaid rolls in 2014, paying \$434 billion in additional program expenditures to the states over 10 years. Some \$10 billion is available to states now to temporarily insure people with pre-existing conditions and early retirees. And an additional \$1 billion is being doled out to help states set up new insurance marketplaces and toughen their oversight of insurers. These grants are available only to states that apply for them, and even ardent critics of health reform don't seem able to resist. Bob McDonnell, the Republican governor of Virginia, which is suing the federal government and whose legislature voted in March to exempt the state from the individual mandate, has accepted about \$2 million in federal funds to design a new health insurance marketplace and audit health insurers that dramatically increase premiums. "States are really broke," said Karen Pollitz, a high-level HHS official, at a recent public forum. "If you're offering a million here, a million there, pretty soon they're like, Well, yeah, I could really use that."

But they haven't all jumped. In August, then governor of Minnesota Tim Pawlenty issued an executive order prohibiting state agencies from applying for federal grants like those that have gone to nearly every other state. "I think this is one of the worst pieces of legislation in the modern history of the country," Pawlenty, who is running for the 2012 GOP presidential nomination, tells TIME. "And I'm going to do what I can to defeat it and mitigate its direction in my state." The Minnesota Cham-

ber of Commerce opposed Pawlenty's executive order, as did hospital groups in the state, and in late October, Minnesota quietly opted into a program to insure some retired state workers.

More recently, the new governor of Minnesota, Democrat Mark Dayton, reversed Pawlenty's decision days after taking office, greatly expanding the state's Medicaid program under an Affordable Care Act provision. "Unless somebody's successful in getting the court to throw out the key elements of it or the Congress is successful in repealing it," Pawlenty says, "the walls will slowly close in on the states."



WASHINGTON

Can Obama make it real?

IF YOU GO TO THE ADMINISTRATION's reform website, www.healthcare.gov, you'll find a nifty calendar that tells you, down to the exact date, when provisions of the law take effect. It's a bit of a tease. Big-ticket items don't kick in for years. Until then, most Americans may be left wondering what the point of it all was.

Some examples: The provisions that expand coverage to 32 million Americans who don't have it now? Those changes won't happen until 2014. The law's requirement that insurers cover pre-existing conditions? Not until the same year. Completely closing the doughnut hole, the massive gap in Medicare prescription-drug coverage? 2020.

Many of the delays are due to the fact that the law's authors wanted to keep the 10-year cost of the bill under \$1 trillion. Proponents also did not want to sock the Treasury and taxpayers with huge transitional costs in the middle of a recession (or before Obama's re-election campaign in 2012). But that instinct has given their opponents ample time to launch counterstrikes against a law whose benefits most consumers neither understand nor feel. So the Administration is trumpeting small but popular provisions that are now in effect. It's also issuing tough regulations, like those requiring insurers to spend at least 80% of premiums on actual medical care, beginning this year.

One unlikely Obama ally in this rearguard action is the hospital industry, whose biggest fear is that the pieces of the law that benefit hospitals will be abandoned while other provisions, which don't help them, will be left in place. "The real question is, How much more dangerous does it become over time if some of the other parts don't happen?" says Susan DeVore, president and CEO of Premier, a coalition of more than 2,400 hospitals nationwide. It would be wrong to overstate this alliance, however: many big health care providers and insurers have decided to abide by the reforms now that they are law but focus their efforts on making the new regulations as weak as possible.

In many ways, the most important question facing health care reform is whether its benefits can outrun its critics. That race is already under way.

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Levi's can't change much about cotton farming or consumer hygiene, but it can make jeans with less water

GOING GREEN, PAGE 55

Life

□ MONEY □ GOING GREEN □ TECHLAND



MONEY

Automated Theft Machines.

Crooks are getting better at stealing your ATM info. Why the U.S. is such a hot spot

BY YUDHIJIT BHATTACHARJEE

ONE APRIL EVENING IN 2009, A GRAY NISSAN truck idled in a parking lot across from a Wachovia Bank in a Fort Lauderdale, Fla., suburb. A man wearing sunglasses and a baseball cap hopped out and walked over to the bank's ATM—but not to withdraw cash, at least not right away. With practiced ease, he quickly glued a magnetic card reader onto the front of the machine, on top of the ATM's card-reading slot, and swapped out the light panel above it with one containing a tiny video camera.

He and three accomplices returned several hours later to retrieve the camera and the card-reading device before driving to an apartment in Boca Raton for the next step of their operation. There, they downloaded

dozens of ATM-card numbers from the device, matched each with a personal identification number recorded by the camera, and encoded stacks of magnetically striped plastic cards with the stolen information. With these cards in hand, the men could go to ATMs and merrily withdraw thousands of dollars from the accounts of unsuspecting victims.

The FBI managed to catch this Florida foursome, whose members pleaded guilty to charges of debit-card fraud and identity theft and are now in prison. But scores of similar groups, many of them linked to East European crime syndicates, are operating throughout the U.S. Their handiwork—known as ATM skimming—is costing banks in the U.S. as much as \$1 billion in losses every year, according to estimates by industry and federal officials.

"We're seeing it from coast to coast—from California to New York and everywhere in between," says Kim DeLeo, a supervisory special agent at the FBI's headquarters in Washington. Vacation destinations like New York City, Miami and Los Angeles are hot spots, she adds. And the fraud is occurring not just at ATMs but also at gas pumps and other point-of-sale locations where customers swipe their card and enter their PIN.

Although skimming is a global problem, debit card holders in the U.S. are particularly vulnerable to it. In recent years, many European countries have given up on cards with magnetic stripes and started using ones with embedded microchips that are harder to skim. Canada is in the process of switching to these so-called chip-and-PIN cards. But the U.S. has no plans to convert, which security experts say makes it coveted territory for skimmers. "Fraud always migrates to the softest target," says Michael Lee, executive director of the global ATM Industry Association. "The more countries you have converting to chip-and-PIN, the greater the risks for the U.S."

Recent trends in the U.S. support that notion. The number of skimming cases reported to the Secret Service, the primary agency for combatting electronic crimes, has risen by 10% every year over the past three years, according to A.T. Smith, assistant director of the Secret Service's office of investigations. Since 2007, the Secret Service has made more than 5,000 arrests in skimming cases, and the FBI has busted a good number of skimming rings too. And during this period, Smith notes, there has also been "a significant increase in the complexity" of the crime.

In the '90s, skimmers were typically



Pocket Protectors

Tips to help guard your debit card

1. Kick the tires. Thieves put well-disguised facades on ATMs to conceal skimming devices, so steer clear of any cash dispensers that have visible glue marks. Check for loose parts by tugging on the card-reading slot.

2. Protect your PIN. Use one hand to shield the other as you type in your personal-identification number. The bad guys typically obtain this four-digit code by installing a video camera in the light above the keypad.

3. Be extra cautious at malls, airports and gas stations. Getting cash or paying by debit card in these high-traffic venues can make you vulnerable to skimmers because the machines there may be more easily tampered with than bank ATMs.

lone perpetrators who would lurk around ATMs, peeking over people's shoulders to obtain their PINs and hoping that these customers would forget to pick up their receipts, which in those days included an account number in its entirety. Now only the last four digits are printed, which means the bad guys have to work harder before they can dip into people's bank accounts. Fraudsters have started working in groups like the one caught in Florida, targeting hundreds of debit card holders in a systematic fashion. They begin by using plaster or clay to make a molding of the front of an ATM. Then they build a plastic facade, "sanded down and spray-painted to match the machine so that it is virtually undetectable," says the FBI's DeLeo. In one recent case, the crooks' add-on had signs on it showing how to insert a card, an improvement over the actual ATM in terms of user friendliness.

The facade is used to hide a magnetic-card reader, which can be purchased online. Typically, a video camera is concealed in a light fixture or brochure holder overlooking the keypad, although occasionally the device used to capture the PINs is not a camera but a fake key panel overlaid on the real pad.

To thwart such thievery, ADT Security Services has begun selling technology that can sense the installation of a skimming device and, in addition to alerting security, will jam the skimmer's ability to read a customer's card information. "We've installed this on over 1,000 ATMs for a major national bank," says John Pearce, a marketing director at ADT.

But that's still a small fraction of the 400,000 or so ATMs in the U.S. Given that banks have to reimburse defrauded customers, why isn't the U.S. turning to chip-and-PIN cards? Because of the high cost involved, explains Doug Johnson, vice president for risk management policy at the American Bankers Association. Not only would banks have to issue new cards, he says, but all the ATMs would also have to be upgraded, as would point-of-sale devices in millions of retail outlets.

Until such a switch is made, customer awareness may be the best shield against skimming. That means guarding your security code by placing your free hand over the keypad as you enter your PIN and avoiding ATMs that have glue marks on them. "I probably look like a criminal when I go to an ATM, because the first thing I do is shake the thing to see if it's loose," says Joanne Madden, an FBI agent who has investigated skimming cases. "Then I check for a camera." ■

GOING GREEN

Green Jeans. Levi's is using less water to make its famous denim—part of the fashion world's new planet-minded lineup

BY BRYAN WALSH

BACK IN 2007, LEVI'S DID A cradle-to-grave assessment of the resources required for its famous 501 denim and found out something surprising: its jeans were practically made of water. The San Francisco-based company discovered that over the lifetime of its jeans, from the cotton fields needed to make the fabric to consumers' tossing their dirty dungarees in the washing machine, each pair used up 3,480 L of water, which is the equivalent of running a garden hose for 106 minutes.

There wasn't much Levi's could change about cotton farming or consumer hygiene, but company executives realized they could use ozone processing to reduce the amount of washing needed to soften jeans before they're sold—i.e., the wash in stone-washed. The result is Levi's Water^{Less} jeans, a new line that hits stores in January. On average, the jeans, which will cost the same as conventional ones, use 28% less water in the finishing process. Multiply that by the more than 1.5 million pairs of Water^{Less} jeans Levi's expects to sell this spring and the savings add up to approximately 16 million L of water. "It took a different way of thinking, but the results are kind of amazing," says Carl Chiara, director of special projects at Levi's.

Fashion may seem low impact—after all, consumers

don't use electricity or burn gasoline when they put on their khakis—but growing cotton and other fibers involves a lot of water and fertilizer, and a great deal of energy is needed to manufacture, ship and, eventually, wash

and maintain the clothes that wind up in your hamper. Some 25% of the world's pesticides, for example, is used to grow cotton, and on average, 15% to 20% of the fabric that goes into producing clothing ends up as scraps.

One way to shrink fashion's environmental impact is through efficiency initiatives that reduce the need for water, pesticides and energy in the manufacture of clothes—just as Levi's has done with its new line. Using natural dyes rather than harsh chemicals can also cut down on the pollutants from prêt-à-porter.

Some fashion pioneers are trying to push the boundaries of sustainability further by purposefully designing clothes that leave little to no waste. This involves techniques like creating a scrap-free pattern that fits together like a puzzle. But the overall look still has to be attractive. "The waste can't be more important than the aesthetics," says Timo Rissanen, an assistant professor of fashion design and sustainability at New York City's Parsons the New School for Design. "It should still be about designing beautiful things."

For now, however, zero waste is on the margins of design, and efficiency improvements like Levi's Water^{Less} jeans are barely a drop in the bucket. That's why the most dedicated followers of sustainable fashion might want to limit the amount of clothing they buy—and make sure those choices last a long time. "It's easy to confuse needs with wants," says Rissanen. "I do believe in buying less and buying better." That may be the greenest design of all. ■



Raising the Game. Nintendo's latest handheld gaming device offers 3-D graphics—no glasses required



BY EVAN NARCISSE

FOUR YEARS AGO, WHEN releases for other home consoles trended toward ever more elaborate graphics and cutthroat multiplayer game designs, Nintendo unleashed the cartoony avatars and easy-to-understand motion control of the Wii. Its user-friendliness managed to ensnare a new generation of gamers—i.e., parents and retirees—and make the Wii one of the best-selling game machines of all time.

Now the Japanese corporation is aiming for another surprising success story with a handheld gaming device that offers 3-D graphics without cumbersome glasses. It has dual screens like those of previous Nintendo DS models, but the new 3DS uses stere-

oscopy to add depth to its top screen. (Users can adjust the graphics to fit their own depth perception or turn the 3-D effect off.) The device won't be in stores for a month or two, but the demo I watched—of a sky filled with enemy ships and laser beams—made me feel as if I were in a miniaturized 3-D movie theater. Exponentially better than systems using red and blue glasses, the 3DS creates clearly delineated depth that pulled me in yet didn't strain my eyes. Rather, the 3.53-in. (8.97 cm) display served as a portal to a vibrant, layered world that I wanted to poke, prod and touch.

Though the technology powering the 3DS remains a secret, Nintendo executives believe that freeing viewers from the tyranny of wearing

special glasses will convert millions of skeptics into consumers. In other words, the company that created the megahit *Mario* games is hoping to do for 3-D what it did for motion control: pare down the technology and the accessories and make the gaming experience accessible and entertaining for everyone.

The release of the 3DS comes at a time when the record-setting pace of Wii sales has slowed considerably, a drop-off that coincided with

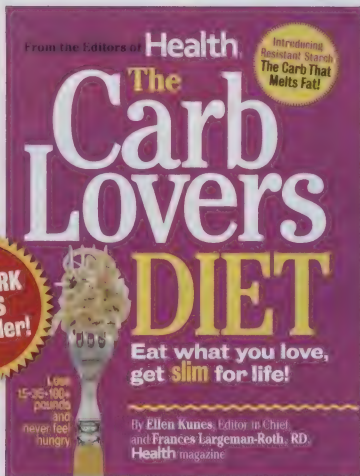
Nintendo is hoping to do for 3-D what it did for motion control with the Wii

last year's debut of Sony's Wii-like Move controller for its PlayStation 3 console and of Microsoft's hands-free Kinect sensor for the Xbox 360. "The controllers and interfaces we introduced have become de facto industry standards, time and time again," says Nintendo president Satoru Iwata. And adding 3-D should deepen the sensory immersion that is key to a successful gaming experience.

But Nintendo acknowledges that 3-D, or at least 3-D TV, is still a tough sell in the home. "First, it's expensive," says Nintendo of America president Reggie Fils-Aime. "Second, you have to buy those glasses for every member in your household who's going to be watching the TV. And thirdly, there's a thimbleful of entertainment [available] compared with what we'll be doing." And what will the company be doing with its little stand-alone devices? Providing games galore, plus a massive pipeline for movie studios and other entertainment entities to get stereoscopic content in front of consumers, some of the details of which will be announced at a press conference on Jan. 19.

Along with its enhanced visuals, the 3DS will include a passive communication mode in which the device can send game information to others when a user isn't playing. The idea is to let 3DS owners share weapons and other in-game collectibles simply by sitting in the same coffee shop (or classroom). If this feature—and the rest of the 3DS strategy—succeeds, the company could vault to another crucial triumph, just like Mario leaping to grab an extra life in the nick of time. ■

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GADGETS

Does RIM Have a Second Act? The BlackBerry changed corporate life. But the PlayBook tablet lives in a different world

BY ERIK HEINRICH

NEVER MIND THAT, WITH A PERSONAL FORTUNE estimated at \$2.7 billion, Jim Balsillie is worth more than Mick Jagger, Paul McCartney, Bruce Springsteen and Eric Clapton combined. When the business brain behind Canada's Research in Motion (RIM)—maker of the BlackBerry smart phone, with annual revenue of \$15 billion—talks classic rock, the intense 49-year-old entrepreneur

reverts to a starstruck 16-year-old. "I love Neil Young," Balsillie, a co-CEO of RIM, enthuses about a fellow Canadian. Then he names a few more artists on his top-10 list: Van Halen, Red Hot Chili Peppers and the Tragically Hip.

The advantage of being a billionaire is that Balsillie can hire some of his favorite bands, as he has done with Van Halen and Aerosmith, for company gigs. And he gets to partner with supergroup U2 by becom-

ing a lead sponsor of its current 360 Tour.

Rock is Balsillie's decompression valve, the thing that lets him come down to earth from 30,000 ft., which is where he spends nearly half his time, shuttling between continents to grab face time with suppliers, developers and carriers. Partnership building is more important today

RIM shots Co-CEOs Jim Balsillie, left, and Mike Lazaridis at their Ontario headquarters



New game plan RIM had no answer to the iPhone, but the BlackBerry PlayBook, on sale this year for less than \$500, aims to thump the iPad by providing a richer Web experience for users

than ever before for Canada's biggest tech company, which operates from Waterloo, Ont., about 70 miles west of Toronto. That's because RIM's iconic BlackBerry is no longer the category-killing "CrackBerry" in the \$100 billion smart-phone universe it created. "The market has always been hypercompetitive," says Balsillie, shrugging off the threats from new rivals. "The innovation cycle has accelerated."

Nowhere is this more true than in the nascent tablet-computer business, inaugurated by Apple with the iPad, which is expected to sell more than 10 million units in its first year. RIM has been working on a tablet for some time, but the company must be kicking itself for missing a chance to redefine mobile computing, as it did with the first BlackBerry smart phone 11 years ago.

Although it missed out on a first-mover advantage, RIM can still silence its critics by revolutionizing the tablet market and at the same time rejuvenating its smart-phone franchise. The company knows its fate hangs in the balance. RIM's stock is trading at \$58 per share on NASDAQ, down from \$150 two years ago, on investor fears that its glory days are history. In the iPad's wake, RIM rushed to unveil its tablet, dubbed the BlackBerry PlayBook, with much hoopla in San Francisco in September. PlayBook won't hit stores before the first quarter of 2011, but RIM is convinced it has a slumbering tiger on its hands. "It changes the game because we're making mobile fit the Web, not the other way around," says Balsillie.

What does that mean? RIM has figured out a way to squeeze a full computing platform into a tablet, which is a bit like fitting the Incredible Hulk into an Armani suit.

The PlayBook will deliver the entire Web at the same speed as a home computer can, without the need for special apps that repackage and abbreviate mobile content. "The PlayBook won't just be a glorified smart phone," says Mike Lazaridis, RIM's other co-CEO, referring to Apple's iPad. That's because PlayBook runs on software from QNX, a company specializing in wireless broadband services that RIM acquired in April for \$200 million from Connecticut-based Harman International Industries. RIM opted for QNX because even the latest version of its BlackBerry OS did not offer the kind of Web fidelity it was looking for.

It's not just RIM vs. Apple. As many as 20 tablet devices from Samsung, Hewlett-Packard, Dell and others will be introduced by mid-2011. "To call it a game changer is a little strong," says media analyst Mark McKechnie at Gleacher & Co. in San Francisco, about the PlayBook. "I don't see it as a consumer hit." McKechnie expects RIM will get its initial buy-in for PlayBook from corporate users, already steadfast BlackBerry customers. That's just fine with Lazaridis, the techie behind RIM. "We want to be the No. 1 solution for enterprise," says Lazaridis, a Greek Canadian born in Istanbul. "RIM's

'We want to be the No. 1 solution for enterprise. RIM's corporate customers have been asking for a BlackBerry for years.'

—MIKE LAZARIDIS, CO-CEO, RIM

corporate customers have been asking for a BlackBerry laptop for years."

Playing defense is just not in RIM's DNA. The company may not be growing at the monster rates it enjoyed earlier this decade, but revenue increased an impressive 35%, to \$15 billion, with profits of \$2.5 billion in fiscal 2010. In its most recent quarter, RIM surprised Wall Street with a 58% earnings jump. But while its continued growth reflects burgeoning demand for wireless devices worldwide, the company's market share is actually declining. Part of the reason could be the new BlackBerry Torch 9800. It has not stoked the public's imagination as Apple's iPhone 4 has, leading some critics to dismiss it as an upgrade that will not add customers to RIM's subscriber base of 55 million.

That criticism stings, but it may be beside the point: in smart phones, like PCs, software is king—and Google's Android has pretensions to the throne. Android overtook RIM as the No. 1 OS in the U.S. in the second quarter of 2010 as measured by new smart-phone shipments, in large part thanks to a strong marketing push by carriers such as Verizon and AT&T. For RIM, beating competitors like Android and Nokia's popular Symbian is nearly impossible because those OS platforms are used by multiple hardware suppliers, including Sony Ericsson, Samsung, Motorola and Taiwan's HTC.

The good news is the smart-phone industry is riding a tsunami of demand. Global sales are expected to rise 55% from a year ago, to 269.6 million units in 2010, according to International Data Corp. (IDC). And by 2014 that figure is expected to rocket to a staggering 526.6 million. "In some respects, we're just beginning in North America," says Balsillie of his company's prospects on its home turf. That may sound blindly optimistic, but the smart phone's share of the market in North America is expected to jump from 33.3% to 64.7% over the next four years. Then there's the rest of the world. "The biggest opportunities will come in Europe, the Middle East and Africa," says mobility analyst Ramon Llamas at IDC.

Getting there will in part require RIM to raise its cool quotient, which circles back to the company's partnership with U2. It used to be that fans held up lighters at rock concerts; now many hold up BlackBerrys. RIM clearly understands how to communicate with a hip audience, but the real challenge will be in creating gotta-have devices it will buy. Whether Balsillie and Lazaridis are up to the challenge will determine whether RIM's CEOs become the wireless industry's equivalent of U2's Bono and the Edge, a pair of innovators who know how to stay on top of their game.

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JANUARY 14

December 2010
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INVESTMENT HORIZON

A Currency Race to the Bottom.

Policymakers are trying to boost their economies by bashing their tender



BY STEPHEN GANDEL

EARLIER THIS YEAR, THE SWISS FRANC became a hot investment, up nearly 12% in six months. So how did the Swiss respond to the market's vote of confidence? Not well. Officials said the franc's appreciation was not welcome.

Switzerland is not alone. From Brazil to Vietnam, policymakers are doing their best to force their tender to drop. The Fed's \$600 billion plan to buy bonds, which some have equated with printing money, is likely to hurt the dollar. China continues to unofficially peg its currency to the dollar, which may lower the value of the renminbi as much as 20%. A plan to allow losses on the bonds of the European Union's weaker members will further damage the euro.

At a time when the global economy is struggling, policymakers are using exchange rates to produce growth. A weaker currency boosts exports. But some economists fear the race to the bottom will do more harm than good. It could cause massive global inflation, slowing the rise in wealth of the past few decades in China and other developing nations. Lower consumption in those countries would in turn hurt demand in the U.S. and Europe. "Everyone thinks their country can avoid or get out of recession on the back of another country's growth," says Joseph Mason, a professor of finance at Louisiana State University. "But in a global crisis, there is no one left to beg from."

Central bankers can target either inflation or the value of their currency—not

both. To drive down the value of money, bankers lower interest rates. But lower rates typically lead to higher economic growth, an influx of foreign capital and, potentially, inflation. The biggest sufferers may be workers in poor countries. Barry Eichengreen, a professor of economics and political science at the University of California, Berkeley, worries that if developing nations continue on their current course, we are likely to see wage disputes and riots. "Workers get angry when wages don't keep up with prices," says Eichengreen.

Rising prices may lead developing nations to boost interest rates to tame growth. Indeed, China has already begun raising rates. As other nations make the same move, money will flow out of the dollar and the euro in search of higher rates elsewhere. "The general consensus is that the euro will continue to fall in 2011, and by midyear the dollar should follow," says Ken Jakubzik, who runs a currency hedge fund in Lake of the Hills, Ill.

Short-term, American and European companies will benefit, as will their shares. Stocks of developing-market companies may suffer. The one silver lining is that the currency shuffle could help rebalance the global economy if it forces emerging nations away from exports and toward policies that increase domestic consumption. But it's not clear how long that could take. And if growth doesn't reappear in poor nations in 2012 or 2013, the U.S. could suffer as well. As John Hathaway of the Tocqueville Gold Fund says, "Historically, currency wars have not ended well." ■

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BY MARK HALPER

"SUNLIGHT IS THE BEST DISINFECTANT," London Mayor Boris Johnson has proclaimed. And to make good on that declaration, he has opened the door to London's data vaults through a website called the London Datastore. Open information, Johnson said, gives rise to "a great army of unpaid scrutineers and invigilators" who help keep city politicians aboveboard. But beyond helping watchdogs, the London Datastore has become the source for other websites that have created opportunities for business development and for reducing London's costs, improving its traffic and generally making life in the city more livable.

The Greater London Authority (GLA)—which directs cross-borough functions like transport, safety, economic development and tourism—operates the initiative. It gets London agencies, civil servants and other contributors to plod data into a public repository. Much of the data is not in a user-friendly format, but webizens quickly transform it into graphs, charts, maps and documents that viewers can understand and slice and dice on PCs and other gadgets. An organization called the Open Knowledge Foundation has created a site called WhereDoesMyMoneyGo.org, and another group, Pushrod Ltd., has built OpenlyLocal.com. Both draw from the Datastore and other sources.

One tangible result: according to OpenlyLocal founder Chris Taggart, some government suppliers had to reduce prices after municipal governing bodies revealed data about contracts. "London is at the forefront of open data, and it seems determined to want to stay there and build a good relationship with its citizens," says Taggart, a digital adviser to the GLA. The open-data scene should get even more rigorous this month, after a U.K. mandate forces all local councils—including those that run London's boroughs—to open up.

Malcolm Barclay, a 35-year-old Web developer who used the Datastore to design and sell a popular bus and underground-rail iPhone app called Travel Deluxe, praises London's decision to release data. "Some authorities see developers as free-loading hackers, but not London," he says.



Train spotting A live map of London's Underground tracks subway movement



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Among groups releasing information to the Datastore is the London branch of the U.K.'s National Health Service. In December it started posting nonprivate information comparing the performance of London's hospitals in an effort to pressure the underachievers. "NHS London wants to become more open and transparent about how it performs. The aim is to drive up quality," says Dr. Andy Mitchell, NHS London's medical director.

A lot of the Datastore information consists of live updates on traffic congestion, tube operations and locations for London's new bicycle-hire scheme—a city-backed program in which commuters can pick up a bike in one location and drop it off at another. Emer Coleman, the GLA's director of digital projects, who is driving the open-data initiative and is credited by many for making it a success, would like to see the initiative expand to include more information about crime, aboveground trains and many other subjects. One challenge has been to get fearful civil servants to release data. "A lot of our work has been persuading people to become less risk-averse," Coleman says.

Jonathan Raper, CEO of the commercial software developer Placr, says government agencies can have other motives for withholding data, like protecting relationships and proprietary partners. Raper, an adviser to London and a visiting professor at London's City University, is battling to get data from the U.K.'s Association of Train Operating Companies (ATOC), the group that coordinates the many private aboveground-train lines that crisscross the country and often begin or end in London. Placr wants to build and sell a related app, but he says ATOC is resisting.

The Datastore initiative has also faced technical challenges. When GLA first opened live underground-train data last June, a wave of access requests crashed the system; the electronic information boards at tube stations blanked out.

Even hobbyists are building useful apps, effectively helping London tap into a free economy. Matthew Somerville, a 30-year-old Web developer who created an online tube map in a weekend last June and got 250,000 hits within a few days, says commercializing "sounds like too much hard work." Likewise, Ben Barker, a 28-year-old electronics engineer and cycling enthusiast, developed a bike map for "just a bit of fun." It's all a way for London to deliver more for less—by handing over data to people who can make things better and cheaper than those the city might deliver. ■



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